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IN 1

For IMMEDIATE Release Monday, October 28, 1940

SECURITIES AND EXCHANGE COMMISSION  
Washington

THE LIBRARY OF CONGRESS  
OCT 28 1940

INVESTMENT ADVISERS ACT OF 1940  
Release No. 2

The Securities and Exchange Commission today made public an opinion of Chester T. Lane, General Counsel, regarding the status under the Investment Advisers Act of 1940 of over-the-counter brokers who charge an "overriding commission" or "service charge" on transactions involving the purchase or sale of listed securities through correspondent brokers who are members of a national securities exchange.

In the execution of an order on a national securities exchange, the regular commission is paid to the member broker who executes the order. A broker who transmits a customer's order to a member broker for execution, since he himself gets no part of the regular commission, frequently charges the customer an additional fee or commission. This extra charge is in no case more than the member broker's commission. Since this extra charge is ordinarily made for the purpose of remunerating the non-member broker for the time he has spent and the expenses he has incurred, not merely in transmitting the order to the member broker but also in advising his customer, the question has been raised as to whether the additional remuneration makes the non-member broker an "investment adviser" within the meaning of the Investment Advisers Act of 1940.

Mr. Lane's opinion indicates that the charging of such an additional commission or fee by the non-member broker does not in itself make the non-member broker an "investment adviser" within the meaning of the Act, if the charge is imposed on a uniform basis without distinction between those customers to whom investment advice is given and those to whom it is not given.

The text of the opinion, which was in the form of a letter from Mr. Lane to the National Association of Securities Dealers, Inc., is as follows:

October 28, 1940.

National Association of Securities Dealers, Inc.,  
821 15th Street, N.W.,  
Washington, D.C.

Gentlemen:

You have requested my opinion whether participation by an over-the-counter broker or dealer in transactions of the character described below renders him an "investment adviser" within the meaning of Section 202 (a) (11) of the Investment Advisers Act of 1940.

In each of the situations presented, a broker who is not a member of a national securities exchange transmits to a broker who is a member of such an exchange an order for the member broker to purchase or sell a security listed on the exchange for the account of a customer of the non-member broker. In each case the non-member broker charges his customer an "overriding commission" or "service charge" in addition to the regular commission which the member broker receives for executing the transaction. In no instance is the amount of the "overriding commission" or "service charge" greater than the regular commission charged by the member broker.

I understand that there are four distinct practices or policies followed by over-the-counter brokers in making such charges:

1. Frequently the over-the-counter broker charges the overriding commission or service charge in every instance in which he transmits such an order to a member broker, and the amount of such additional commission or charge is the same for all transactions of the same size, no matter who the customer is or how much consultation or advice the over-the-counter broker has given him.

2. Other over-the-counter brokers charge an overriding commission or service charge which may be uniform in amount, but which is charged only to those customers to whom the broker has given advice. In these cases the non-member broker receives no remuneration on transactions in listed securities if the customer has simply asked him to have an order executed, without seeking or receiving any advice.

3. A number of over-the-counter houses charge, on a uniform basis, an overriding commission or service charge for the execution of such transactions, except that they make no charge to certain clients, for example, clients who do a substantial amount of over-the-counter business through or with the house.

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46-47, 49,  
51, 57

4. Occasionally an over-the-counter broker follows the practice of charging an overriding commission or service charge to all customers and on all transactions, but the amount of the charge varies in relation to the amount of consultation between the broker and his customer regarding the transaction.

The pertinent provisions of Section 202 (a) (11) of the Investment Advisers Act, under which these questions arise, are the following:

"Investment adviser" means any person who, for compensation, engages in the business of advising others ... as to the value of securities or as to the advisability of investing in, purchasing, or selling securities ...; but does not include ... (C) any broker or dealer whose performance of such services is solely incidental to the conduct of his business as a broker or dealer and who receives no special compensation therefor ..."

I shall assume for the purposes of this letter that, in every situation outlined above, the transaction is "solely incidental to the conduct of ... business as a broker or dealer." The precise question presented, therefore, is whether in each of these situations the over-the-counter broker in taking an overriding commission is receiving "special compensation for" advice which he may have given his customer.

Clause (C) of Section 202 (a) (11) amounts to a recognition that brokers and dealers commonly give a certain amount of advice to their customers in the course of their regular business, and that it would be inappropriate to bring them within the scope of the Investment Advisers Act merely because of this aspect of their business. On the other hand, that portion of clause (C) which refers to "special compensation" amounts to an equally clear recognition that a broker or dealer who is specially compensated for the rendition of advice should be considered an investment adviser and not be excluded from the purview of the Act merely because he is also engaged in effecting market transactions in securities. It is well known that many brokers and dealers have investment advisory departments which furnish investment advice for compensation in the same manner as does an investment adviser who operates solely in an advisory capacity. The essential distinction to be borne in mind in considering borderline cases, such as those which you have presented, is the distinction between compensation for advice itself and compensation for services of another character to which advice is merely incidental.

Let me turn now to the four specific situations as to which you have inquired. In the first situation the over-the-counter broker charges an overriding commission or service charge for participating in the execution of every purchase or sale of listed securities. While the time and expense involved in giving advice to customers may be among his motives for charging the overriding commission or service charge, they represent only one part of his general expenses, and are no more directly related to the charge, which he makes than is similar advice given customers with respect to over-the-counter transactions for which the broker receives a regular commission. In this first situation the imposition of the overriding commission or service charge does not in itself make the over-the-counter broker an "investment adviser" within the meaning of the Act.

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The second situation presents a clear antithesis to the first. Here the charge is directly related to the giving of advice. Those customers who receive the advice have to pay an additional charge, while those who do not receive advice do not.

The fourth situation is no different in principle from the second. Although all customers must pay an additional charge, at least part of the charge to customers receiving advice is attributable to such advice, and it is therefore clear that the charge includes "special compensation" for advice. It is my opinion that in both the second and fourth situations the over-the-counter broker is acting as an investment adviser.

From a practical point of view the third situation presents a difficult problem. It is true that if the broker's discrimination between customers bears no relation to the nature or amount of advice which they receive from him, the additional charge does not in principle appear to be "special compensation." Nevertheless, I am sure you will recognize that difficult questions of fact are presented whenever the additional charge is not imposed on a wholly uniform basis. If a broker is confident that his discrimination between customers follows a clear and consistent policy, bearing no relation whatsoever to the rendition of investment advice to his customers, he may safely consider himself excluded from the definition of the term "investment adviser." When the circumstances are not so clear, I suggest that you recommend to your members that they call their peculiar problems to the Commission's attention, and take the precaution of registering under the Act pending the Commission's determination of the question. If the Commission is of the opinion that the broker is not an "investment adviser" within the meaning of the Act, he will be entitled to withdraw his registration pursuant to Section 203 (g).

Very truly yours,

Chester T. Lane,  
General Counsel.

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For IMMEDIATE Release Tuesday, October 29, 1940

SECURITIES AND EXCHANGE COMMISSION LIBRARY OF THE  
Washington

NOV 2 6 1940

UNIVERSITY OF MASSACHUSETTS

INVESTMENT ADVISERS ACT OF 1940  
Release No. 3

The Securities and Exchange Commission today announced a public hearing under the Investment Advisers Act of 1940 on November 4, 1940, at 10:00 a.m., at its Washington offices, to determine whether the registration of Harold Alton Meyer, doing business as Meyer & Co., 35 Congress Street, Boston, Massachusetts, as an investment adviser should be denied and whether the registration should be postponed for not more than three months pending final determination on the question of denial.

The application for registration stated that Meyer was convicted on June 22, 1932, of a felony in connection with his activities as a broker and dealer, and that he is permanently enjoined by a decree of the District Court of the United States for the District of Massachusetts, entered on January 27, 1937, from engaging in and continuing certain acts and practices in connection with the sale of securities.

The Commission also announced the following public hearings under the Investment Advisers Act of 1940:

Hearing on November 1, 1940, at 10:00 a.m. at the Commission's Washington offices, on the application (File No. 802-2-1) of First Service Corporation for an order declaring that it is not an investment adviser within the meaning of the Act.

Hearing on November 1, 1940, at 10:15 a.m., at the Commission's Washington offices, on the application (File No. 802-1-1) of Marine Midland Group, Inc., for an order declaring that it is not an investment adviser within the meaning of the Act.



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NIN For IMMEDIATE Release Friday, November 1, 1940

SECURITIES AND EXCHANGE COMMISSION  
Washington

THE LIBRARY OF THE

INVESTMENT ADVISERS ACT OF 1940  
Release No. 4

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UNIVERSITY OF ILLINOIS

The Securities and Exchange Commission announced that 605 applications for the registration of investment advisers filed with it pursuant to the Investment Advisers Act of 1940 have today become effective.

Investment advisers who are not registered under the Investment Advisers Act are prohibited after November 1, 1940, from using the mails or any means or instrumentality of interstate commerce in connection with their business as investment advisers.

The letter of the Commission notifying each investment adviser of his effective registration apprised the registrant that under the Act it is unlawful for any person registered to represent or imply in any manner whatsoever that such person has been sponsored, recommended or approved by the Commission or that his abilities or qualifications to act as an investment adviser have in any respect been passed upon by the Commission.

Registration may be revoked on three major grounds: (1) a wilful misrepresentation of material facts; (2) conviction, within the past ten years, in connection with the securities business; and (3) under injunction from engaging in securities business.

After November 1, 1940, registered investment advisers are subject to certain prohibitions and must observe certain practices.

Contracts with clients entered into, extended, or renewed after that date may not be assigned or hypothecated by the investment adviser without the consent of the client. If the investment adviser is a partnership, the client must be notified within a reasonable time of any change in the membership of such partnership.

Registered investment advisers may not make any profit-sharing arrangements with their clients. Such arrangements were severely criticized in the Commission's report to the Congress on Investment Counsel, Investment Management, Investment Supervisory, and Investment Advisory Services as being inimical to the interest of the client. That report indicated that such arrangements aside from the "heads I win, tails you lose" aspect "encouraged the adviser to recommend a degree of risk that the investor himself would not knowingly undertake, inasmuch as the adviser has everything to gain if he is successful, and nothing to lose if he is wrong," and that there might be a "strong temptation to take unusual risks to speculate or over-trade."

Registered investment advisers are prohibited in the future from employing any device, scheme or artifice to defraud any client or prospective client, or to engage in any transaction or practice or course of business which operates as a fraud or a deceit upon any client or prospective client. These fraud provisions are similar to the Fraud Section under the Securities Act of 1933 and the Fraud Rule under the Securities Exchange Act of 1934. Furthermore, if an investment adviser acts as a principal for his own account in connection with the sale of any security to, or purchase of any security from a client, he must disclose to such client in writing the capacity in which he is acting with respect to such transaction, and obtain the consent of the client to such transaction.

Furthermore, only those registered investment advisers who are primarily engaged in furnishing continuous advice as to the investment of funds on the basis of individual needs of each client can represent after November 1, 1940, that he is an INVESTMENT COUNSEL or use the name INVESTMENT COUNSEL as descriptive of his business.

The names and addresses of investment advisers who are registered with the Securities and Exchange Commission as of November 1, 1940 are attached.

The following symbols are used in this list:

S Sole Proprietorship  
P Partnership  
C Corporation

ALABAMA

None

ARIZONA

*Phoenix*

Norman, L.V.V., Market Trend  
Service

711 Security Building

-S

ARKANSAS

None

CALIFORNIA

*Beverly Hills*

Goldberg, Edward

1652 Benedict Canyon Road

-S

*Carmel*

Bayer, George

La Loma Terrace

-S

*Hollywood*

Equitable Investment Corp.  
Temple-Thomason, Inc.

6253 Hollywood Boulevard  
6253 Hollywood Boulevard

-C

-C

*Long Beach*

Morrison Bond Co., Ltd.

222 Pacific Avenue

-C

*Los Angeles*

Bothe, Laurence, & Co.  
Clifford, A. M., & Associates  
Douglas, Nelson, & Company  
Etienne, Myron Edouard  
Graves, Banning & Company  
Harrington, Mark H., & Co.  
Harris, Everett, & Company  
Hereford, Rockwell  
Hoobler, George W.  
Humphreys, G. L., & Company  
Langham, James Mars  
Maree, A. Morgan, Jr., &  
Associates, Inc.  
Market, Clifford Harry  
McCuen, C. Melvin

210 West Seventh Street  
639 South Spring Street  
510 South Spring Street  
523 West Sixth Street  
629 South Spring Street  
210 West Seventh Street  
629 South Spring Street  
623 South Hope Street  
623 West Fifth Street  
523 West Sixth Street  
956 Corsica Drive  
5225 Wilshire Blvd.  
215 West Seventh Street  
621 South Spring Street

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-C

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-S

-S

## CALIFORNIA (Cont'd)

## Los Angeles (Cont'd)

Miller, King & Company	530 West Sixth Street	-C
Page, Hubbard & Asche	210 West Seventh Street	-P
Paul, W. Lee - Rhodes, Robert E.	634 South Spring Street	-S
Rowe, John Leslie	215 West Seventh Street	-S
Schaffer, John G.	543 So. Alexandria Avenue	-S
Spear, W. Edgar, & Company	621 South Spring Street	-C
Stern, Frank & Meyer	325 West Eighth Street	-C
Strong, R. Franklin	530 West Sixth Street	-S
Swallow & Company	215 West Seventh Street	-S
White, Charles Benjamin	6455 Hayes Drive	-S
Willis & Christy	411 West Fifth Street	-P
Young and Koenig, Inc.	210 West Seventh Street	-C
Zucker, J. H.	325 West 8th Street	-P

## Montrose

Reps, Paul	1925 Parkdale	-S
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## Oakland

Jutte, Charles Brokaw	Box 1442	-S
Shimonek, Joseph Walter	1404 Franklin Street	-S

## Oroville

Boynton, Claude B.	Canyon Highlands Drive and Valley View Drive	-S
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## Palo Alto

Follansbee, Frank, Bureau of Financial Research	1345 Webster Street	-S
Silberling Research Corp., Ltd.	Deckeroak Building	-C

## Pasadena

Henderson, J. R.	43 South Euclid Avenue	-S
Mayo, Geoffrey	170 E. California Street	-S
Piper, Clarence Brett	2195 Orlando Road	-S
Synonds, Lloyd	3357 Grayburn Road	-S
Zweers, John Bedeker	First Trust Building	-S

## San Francisco

Axley and Hays	220 Bush Street	-P
Bell & Davis	519 California Street	-P
Bergues & Company	155 Montgomery Street	-C
Brush, Slocumb & Company	111 Sutter Street	-C
Daley, Robert, Econo-Graphs	2177 Pacific Avenue	-P
Davis, Skaggs & Company	211 Montgomery Street	-P
Dodge & Cox	Mills Tower	-P
Fisher & Company	2412 Russ Building	-S

CALIFORNIA (Cont'd)

San Francisco (Cont'd)

Gross, Richard P., & Company	486 California Street	-P
Heche, Gordon, & Associates		
Incorporated	235 Montgomery Street	-C
Henderson & Company	340 Pine Street	-P
Hunter, Phelps, & Associates	Russ Building	-S
Ingram, Scribner & Company	206 Sansome Street	-C
Lennon, Harry B.	3800 Clay Street	-S
Leppo, Harrison, & Company	315 Montgomery Street	-P
Morgan, O. G.	545 Turk Street	-S
Oyster, Seward, Sisson &		
Trowbridge	650 Russ Building	-P
Pacific Investment Service	238 Juanita Way	-S
Stephenson, J. T., & Company	220 Montgomery Street	-S
Stone & Youngberg	405 Montgomery Street	-P
Witter, Dean, & Company	45 Montgomery Street	-P

San Jose

Fontaine, G. M., Associates	First National Bank Bldg.	-S
Frankel, Martin	1211 Bank of America Bldg.	-S

Santa Barbara

Myrick, Donald	831 State Street	-S
Sears, Thomas David	4 East Carrillo Street	-S

South Pasadena

Siems, Harry W.	2036 Primrose Avenue	-S
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COLORADO

Denver

Empire Service Company	1835 Champa Street	-S
Garrison and Metzger, Inc.	512 Equitable Building	-C
Scott, R. M., Jr.	Denver National Building	-S
Tracy, Paul S., & Co.	15 Equitable Building	-C

CONNECTICUT

Farmington

Kent, Sherrill	Talcott Notch Road	-S
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Hartford

Andrews, E. T., & Company	64 Pearl Street	-P
Conning & Company	50 Lewis Street	-P
Loomis, Sayles & Company, Incorporated (Conn.)	36 Pearl Street	-C

New Haven

Knipe, James L.	Trust Company Building	-S
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DELAWARE

*Wilmington*

Baxter, J. Morton  
Ullrich & Company

Du Pont Building  
902 Market Street

-S  
-C

DISTRICT OF COLUMBIA

*Washington*

Auchincloss, Parker & Redpath  
Loomis, Sayles & Company, Inc.  
Pratt, A. S., & Sons, Inc.  
Proctor, Lawrence Martin

719 - 15th Street, N. W.  
925 Shoreham Building  
815 Fifteenth Street, N. W.  
403 Union Trust Building

-P  
-C  
-C  
-S

FLORIDA

*St. Petersburg*

Lindemann, F. W.

Hall Building

-S

GEORGIA

*Atlanta*

Barrett, Julian N.  
Fleet & Wardlaw, Inc.  
Hunter, William T.

433 Citizen's & Southern  
National Bank Building  
722 William-Oliver Bldg.  
Trust Co. of Ga. Bldg.

-S  
-C  
-S

*Savannah*

Minis & Company

1003 Savannah Bank &  
Trust Building

-S

IDAHO

None

ILLINOIS

*Champaign*

Hurd, Clegg & Company

First National Bank Bldg.

-P

*Chicago*

Allen, Harland, Associates  
Bard, Ralph A., & Co.  
Breckenridge and Company  
Brennan, William M.  
Brown, Harlow W.  
Business Foundation, The  
Carter, William J.  
Cherry Securities Service, Inc.

10 South LaSalle Street  
208 South La Salle Street  
134 South LaSalle Street  
105 West Monroe Street  
120 South LaSalle Street  
208 South LaSalle Street  
677 Roscoe Street  
141 West Jackson Blvd.

-S  
-C  
-C  
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-C  
-S  
-C

## ILLINOIS (Cont'd)

## Chicago (Cont'd)

Cowles, Alfred, 3rd	332 South LaSalle Street	-S
Dakin, Francis W.	120 South LaSalle Street	-S
Duff & Phelps	208 South LaSalle Street	-P
Eckley, William L.	77 West Washington Street	-S
Edelman, Joseph	105 West Madison Street	-S
Emrich, George L.; Jr., & Company	120 South LaSalle Street	-S
Fairchild, Ralph R., & Co.	105 West Adams Street	-S
Ferguson Brothers	105 West Adams Street	-P
Financial Management Corporation	#908 -105 S. LaSalle St.	-C
Fisher, A. M.	5553 Blackstone Avenue	-S
Fleischer, Fred E.	114 West Jackson Blvd.	-S
Forrest, Maulsby	135 South LaSalle Street	-S
Glore, Forgan & Co.	123 South LaSalle Street	-P
Gofen and Glossberg	135 South LaSalle Street	-P
Gregory, DeLong & Holt, Incorporated	105 South LaSalle Street	-C
Guthrie, John O.	135 South LaSalle Street	-S
Hill, David A.	208 South LaSalle Street	-S
Investment Management Corp.	105 west Adams Street	-C
McCune, Thornton C., & Co., Inc.	111 West Jackson Blvd.	-C
Moncreiff, Tittle & Co.	105 South LaSalle Street	-C
Mudd, Earle D., & Associates	Tribune Tower	-S
PiVcT Service	209 South LaSalle Street	-S
Rosenberg, Edward Goetz	231 South LaSalle Street	-C
Seamans-Blake, Inc.	75 East Wacker Drive	-C
Security Supervisors, Incorporated	135 South LaSalle Street	-C
Sheridan, Farwell & Morrison, Inc.	8 South Michigan Avenue	-C
Simon, Jay	134 South LaSalle Street	-S
Stader, James B.	111 West Monroe Street	-S
Stein & Roe	135 South LaSalle Street	-P
Stern, Wampler & Co., Inc.	231 South LaSalle Street	-C
Stock Market Indices	3850 N. Claremont Avenue	-S
Tilden Bros. & Grannis	134 South LaSalle Street	-P
Trading Counsel	9331 South Laflin Street	-S
Trend-Iicator Co.	134 South LaSalle Street	-S
Valleau, Harry O., & Company	10 South LaSalle Street	-P
Walsh, Thomas Ira,	221 North LaSalle Street	-S
Woodruff, Hayes & Company, Incorporated	135 South LaSalle Street	-C

## Oak Park

Horn, Walter Theodore	340 South Kenilworth Ave.	-S
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## Quincy

Herleman Degitz Co.	340 W. C. U. Building	-P
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## INDIANA

## Hammond

Blue, Thurman	6346 Monroe Avenue	-S
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INDIANA (Cont'd)

*Indianapolis*

Wood, Gaylord

204 Inland Building

-S

*South Bend*

Marshall, H. E., & Company

112 West Jefferson Elvd.

-S

IOWA

*Des Moines*

Enyart, James Cremer  
Grant, Vernon, Jr.  
Mantz, Isidore P.

5th and Grand Avenue  
202 K. P. Building  
503 Youngerman Building

-S  
-S  
-S

KANSAS

None

KENTUCKY

*Louisville*

Nobbe, Edward Owen  
Wood, Richard V.

231 South Fifth Street  
1507 Heyburn Building

-S  
-S

LOUISIANA

*Lake Charles*

Clarke, George Washington Jr.

631 Kirby Street

-S

*New Orleans*

Glenny & Gordon  
Levy & Rooney, Inc.  
Villere, St. Denis J., & Co.  
Waters & Alcus

Whitney Building  
416 Whitney Building  
552 Canal Building  
603 Whitney Building

-P  
-C  
-P  
-P

MAINE

None

MARYLAND

*Baltimore*

Brown, Alex., & Son, Investment Advisory Department  
Hinds, Harold W.  
Landon, H. M.  
Mackubin, Legg & Company  
Price, T. Rowe, Jr., and  
Associates

135 E. Baltimore St.  
406 Lyman Ave., Govans  
405 Keyser Building  
222 East Redwood Street  
2905 Baltimore Trust Bldg.

-P  
-S  
-S  
-P  
-P

## MASSACHUSETTS

## Attleboro

Gowen, Horace Bradford

228 County Street

-S

## Babson Park

Babson's Reports, Inc.  
Copper Statistics Co., Inc.

219 Forest Street

-C

-C

## Boston

Alexander, Ralph A., & Associates  
 American Institute of Finance  
 Anderson & Millet, Inc.  
 Babson, David L., & Co., Inc.  
 Boston Fiduciary and Research  
 Associates  
 Bugbee, Nathan D.  
 Burlingame Corporation, The  
 Cambridge Associates, Inc.  
 Chase, John P., Incorporated  
 Churchill, Winthrop H.  
 Claflin, William Walker  
 Coburn, William H., & Company  
 Cromwell & Cabot, Incorporated  
 Dibble, Ralph Brigham  
 Dyer, Lewis A.  
 Eaton & Howard, Incorporated  
 Economic Publications, Inc.  
 Estabrook & Company  
 Financial Records, Inc.  
 Financial Research Inc.  
 Franklin Management Corporation  
 Gallup, Wm. Albert, Inc.  
 Gibson, Robert L.  
 Harvey, Elbert A.  
 Hill, Olin W.  
 Hill and Snyder  
 Holbrook Company, Inc.  
 Hull, Roy A.  
 Investment Indicators, Inc.  
 Investment Service, Corp.  
 Loomis, Sayles & Company  
 Incorporated (Mass.)  
 Morrison, Alva  
 Nutter, McClennen & Fish  
 Paine, John Bryant, Jr.  
 Parsons, George A.  
 Pero, Clark Company, The  
 Raymond, Bliss, Inc.  
 Russell, Berg & Company  
 Scudder, Stevens & Clark

80 Federal Street  
 137 Newbury Street  
 60 State Street  
 35 Congress Street  
 50 Congress Street  
 49 Federal Street  
 53 State Street  
 163 Newbury Street  
 75 Federal Street  
 10 Post Office Square  
 15 State Street  
 68 Devonshire Street  
 1 Federal Street  
 49 Federal Street  
 50 Federal Street  
 24 Federal Street  
 24 Fenway  
 15 State Street  
 211 Congress Street  
 35 Congress Street  
 111 Devonshire Street  
 80 Federal Street  
 201 Devonshire Street  
 53 State Street  
 19 Congress Street  
 50 Congress Street  
 111 Devonshire Street  
 10 Post Office Square  
 60 State Street  
 49 Federal Street  
 140 Federal Street  
 19 Congress Street  
 220 Devonshire Street  
 84 State Street  
 84 State Street  
 49 Federal Street  
 24 Federal Street  
 75 Federal Street  
 10 Post Office Square

Trust

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MASSACHUSETTS (Cont'd)

Boston (Cont'd)

Securities Advisory Service, Incorporated	126 Newbury Street	-C
Shelvey & Company	24 Milk Street	-S
Southgate & Company	33 State Street	-P
Standish, Racey & McKay, Inc.	50 Congress Street	-C
Stanwood, Wm. E.	50 Congress Street	-S
Studley, Shupert & Company, Incorporated	50 Congress Street	-C
Sullivan, J. Langdon	24 Federal Street	-S
Tucker Anthony Management Corporation	84 State Street	-C
United Business Service Co.	210 Newbury Street	-C
United Investment Counsel Inc.	210 Newbury Street	-C
Wainwright, H. C., & Co.	60 State Street	-P
Wakefield, George Kennard	50 Congress Street	-S
Ward, Osgood & Park	50 Congress Street	-P
Warren, P. L., & Company	49 Federal Street	-P
Yetman's Statistical Service	687 Boylston Street	-S

Cambridge

American Institute for Economic Research	54 Dunster Street	-C
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New Bedford

Bristol Investment Counsel Corporation	558 Pleasant Street	-C
Investment Supervision, Inc.	227 Union Street	-C

Rowley

Todd, Frank Payson	Wethersfield Street	-S
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Wellesley

Oil Statistics Company	Forest Street	-C
Poor's Publishing Company	90 Broad Street	-C
Spear, Roger Eliot, & Staff	219 Forest Street	-S

Wellesley Hills

Hood Syndicate	8 Fuller Road	-S
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Worcester

Kinsley & Adams	6 Norwich Street	-P
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MICHIGAN

Detroit

Griswold Research Company	1428 Buhl Building	-S
Heber-Fuger-Wendin, Inc.	600 Penobscot Bldg.	-C
Investment Counsel, Inc.	700 Union Guardian Bldg.	-C
Investment Institute	920 Lafayette Building	-S
Investment Letters, Inc.	700 Union Guardian Bldg.	-C
Kales-Kramer Investment Co.	76 Adams Avenue West	-C
Loomis, Sayles & Company Incorporated (Mich.)	684 Penobscot Building	-C
Manley, M. A., & Company	518 Buhl Building	-P
Vickers, A. Sherwood	1864 Penobscot Bldg.	-S
Watkins & Fordon, Inc.	2956 Penobscot Bldg.	-C
Willmore, Thomas F., Co.	Room 848 - Penobscot Bldg.	-P

Grand Rapids

Sheppard, James H.	Federal Square Building	-S
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Jackson

Securities Counsel, Inc.	120 W. Michigan Avenue	-C
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MINNESOTA

Minneapolis

Bauman, John S., & Co.	837 Northwestern Bank Bldg.	-S
Brown, C. H., & Company, Inc.	1506 Foshay Tower	-C
Hegg, Karl O.	20 Groveland Avenue	-S
Investment Management Corp.	1413 Northwestern Bank Bldg.	-C
Jensen, Guy F.	554 Builders Exchange	-S
Wells-Dickey Company	Metropolitan Bank Bldg.	-C
Wittenberg Merrick Company	1437 Northwestern Bank Bldg.	-S

Rochester

Smiley, J. W.	111 1/2 South Broadway	-S
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St. Paul

Bayliss, Kenneth H.	523 Pioneer Building	-S
Kirk & Company	144 Endicott Bldg.	=C
Morris, George Alexander, Jr.	1024 Pioneer Building	-S

MISSISSIPPI

None

MISSOURI

Kansas City

Eigelow, Chester W. Bureau of Economic Research	10th and Baltimore Avenue	-S
	112 West Ninth Street	-S

MISSOURI (Cont'd)

*Kansas City (Cont'd)*

Investment Management,  
Incorporated  
Weltner, A. E., & Co.

1020 Dwight Building  
1020 Dwight Building

-C  
-C

*St. Louis*

Conover, Emily dePeyster  
Investment Analysis Bureau  
Jones, Berkley  
Kauffman, Andrew H  
Poleman, Thos. T., & Co., Inc.  
Rassieur, T. E.  
Roberts, W. Earl, Company  
Seeger, Arthur H., Co.  
Storr, Aloy L.  
Tidd, R. M. B.

Landreth Bldg., 320 N. 4th  
319 North Fourth Street  
320 North Fourth Street  
320 North Fourth Street  
1603 Boatmen's Bank Bldg.  
3615 Olive Street  
543 Boatmen's Bank Bldg.  
Landreth Building  
319 North Fourth Street  
320 North Fourth Street

-S  
-S  
-S  
-S  
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-S  
-S  
-S

MONTANA

*Helena*

Smith, Whitney, & Co., Inc.

Box 777, Power Block

-C

NEBRASKA

None

NEVADA

None

NEW HAMPSHIRE

*Kearsarge*

Small, John Sanderson

-S

NEW JERSEY

*Bloomfield*

Lohnes, Russell Cottman

118 Linden Avenue

-S

*Garfield*

Cornwall, Michael

168 Chestnut Street

-S

*Haworth*

Reccius, H. T.

Haworth Drive

-S

NEW JERSEY (Cont'd)

*Jersey City*

Bullock, Calvin	921 Bergen Avenue	-Jt. Stk. Ass'n.
Economic Analysts, Inc.	931 Trust Co. of N.J. Bldg.	-C
Fiduciary Counsel, Inc.	931 Trust Co. of N.J. Bldg.	-C
Fuld, Leonhard Felix	8 Baldwin Avenue	-S
Gallagher, H. D., & Co.	26 Journal Square	-S

*Lincoln Park*

Wilson, Gaylord B.	Highland Avenue	-S
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*Montclair*

Investors Advisory Service of Montclair	22 South Park Street	-C
Talabac, Leon V.	22 South Park Street	-S

*Newark*

Field, Clinton, & Company	744 Broad Street	-S
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*Parsippany*

Kimball, Dudley		-S
Noble, Donald		-S

*Trenton*

Wetzel, W. E., & Co.	1 West State Street	-S
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*Upper Montclair*

Atkins, Paul M.	199 Inwood Avenue	-S
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NEW MEXICO

None

NEW YORK

*Albany*

Brown Research Service, The	27 West Erie Street	-S
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*Bronx*

Bukaw, Elmira Dorothea	3478 Fenton Ave. (Res.)	-S
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*Brooklyn*

Howe, Edward S.	62 Kenilworth Place	-S
Miller, Paul	87 Woodbine Street	-S

## NEW YORK (Cont'd)

*Brushton*

Brush, H. Corbin

-S

*Buffalo*

Brasuell, William Chester  
 Brown, Harold C., Co., Inc.  
 Vietor, Common & Company  
 Walker and Mitchell

284 Main Street  
 2016 Liberty Bank Bldg.  
 904 Marine Trust Bldg.  
 1045 Ellicott Sq. Bldg.

-S

-C

-P

-P

*Glen Falls*

Sedgwick, R. H., Co.

81 Bay Street

-S

*Great Neck*

Wilson, A. J. P.

79 Tobin Avenue

-S

*Hunter*

Stock Trend Service, Inc.

-C

*Larchmont*

Barnes, Edward Lewis

9 Serpentine Trail

-S

*Lockport*

Ainsworth, William Henry

R. F. D. # 1

-S

*Lyons Falls*

Arthur, L. W.

-S

*Mamaroneck*

Business Economic Digest, The

1231 James Street

-C

*New York*

Aarnham, A. Richard  
 Abraham, Nathan  
 Activity Price Records, Inc.  
 Allen, Francis G., & Co.  
 Allen, John Hall  
 Allen Management Company  
 Alsop, Thomas R. P.  
 Amstel-Hudson Corporation  
 Andrews and Andrews  
 Angas, L.L.B., Major  
 Argus Research Corporation  
 Atlantic Custodian Corporation  
 Axe, E. W., & Co., Inc.  
 Bar-Centric Associates, Inc.  
 Baridon Barometer, The

50 Pine Street  
 140 William Street  
 92 Liberty Street  
 120 Broadway  
 220 East 42nd Street  
 120 Broadway  
 9 Rockefeller Plaza  
 30 Broad Street  
 185 Madison Avenue  
 570 Lexington Avenue  
 25 Broadway  
 52 William Street  
 730 Fifth Avenue  
 280 Madison Avenue  
 55 West 42nd Street

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-P

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-C

-C

-C

-C

-S

NEW YORK (Cont'd)

New York (Cont'd)

Baring, Charles	50 Broad Street	-S
Barnes, John K.	50 Pine Street	-S
Barometer Advisory Service	Box 146, Wall St. Station	-S
Barrett Associates, Inc.	14 Wall Street	-C
Bartlett, Charles G.	9 Rockefeller Plaza	-S
Bartow, Chas. S.	63 Wall Street	-S
Baxter Brothers	76 William Street	-P
Beck, Mack & Oliver	522 Fifth Avenue	-P
*Bentley, Harold D.	35 Nassau Street	-S
Bernhard, Arnold	347 Madison Avenue	-S
Bernstein-Macaulay, Inc.	250 Park Avenue	-C
Bingham-Spencer, R. A.	24 Broad Street	-S
Bliss, J. I., & Co.	101 Cedar Street	-S
Bondex Incorporated	654 Madison Avenue	-C
Bretey, Pierre R.,	75 Central Park West	-S
Brookmire Economic Service, Inc.	551 Fifth Avenue	-C
Brown, Ralph Gascoigne	42 Broadway	-S
Brown, W. Barrett	27 William Street	-S
Brundage, Story and Rose	90 Broad Street	-P
Cahn, Walter L.	70 Pine Street	-S
Chase, H. W., & Co., Inc.	110 East 42nd Street	-C
Chase, Henry Wheeler	110 East 42nd Street	-S
Champion, L. Stanley	70 Pine Street	-S
Clad, Ernst E.	280 Madison Avenue	-S
Clay, Paul	7 Dey Street	-S
Clarke, Sinsabaugh & Co., Inc.	405 Lexington Avenue	-C
Clayton, Ruth Ethelyn	165 Broadway	-S
Clift, William Brooks	44 Pine Street	-S
Colgate, Jas. B., & Co.	44 Wall Street	-P
Coming Events, Inc.	47 West Street	-C
Connors, Myles F.	233 Broadway	-S
Corbin, Ross	202 Riverside Drive (Res.)	-S
Cornwell, John W., Jr.	25 Broadway	-S
Cox, Geo. Clarke	70 Pine Street	-S
Davis, P. M. & Putnam, & Co., Inc.	20 Exchange Place	-C
Davis, Shelby Cullom	120 Broadway	-S
Delafield & Delafield	14 Wall Street	-P
Dewey, Fredk A.	39 Broadway	-S
Dick & Merle-Smith	30 Pine Street	-P
Dyason, John	20 Vesey Street	-S
Economic Research, Inc.	120 Broadway	-C
Edie, Lionel D., & Company, Incorporated	20 Exchange Place	-C
*Benneck, Conrad J.	129 West 69th Street	-S
Elliott, Ralph Nelson	25 Broad Street	-S
Fahnestock & Co.	1 Wall Street	-P
Felheim, Lasalle	400 East 57th Street	-S
Fenner & Beane	67 Broad Street	-P
Fiedler, E. W., Company	44 Beaver Street	-S
Financial Service Guild, The	39 Broadway	-S

NEW YORK (Cont'd)

New York (Cont'd)

Financial Supervision, Inc.	25 Broad Street	-C
Financial World Research Bureau	21 West Street	-Division of a Corp.
Fitch Publishing Co., Inc., The	120 Wall Street	-C
Fitzpatrick, Kaufmann & Co.	25 Broadway	-P
Flatto, Arthur C.	347 - 5th Avenue	-S
Fortuny's Statistical Library for Investment Research	87 Fifth Avenue	-S
France, Harry C.	347 Madison Avenue	-S
Freudenthal, Elsbeth E.	550 West 157th Street	-S
Gann, W. D., & Son, Inc.	82 Wall Street	-C
Gartley, H. M., Inc.	76 William Street	-C
Gibson, Thomas, Inc.	53 Park Place	-C
Gold, Charles W.	551 Fifth Avenue	-S
Goldsmith, F. N., Financial Service, Inc.	123 Liberty Street	-C
Gowin United, Inc.	140 Spring Street	-C
Graef, Albert, Inc.	70 Pine Street	-C
Graphic Market Statistics, Inc.	92 Liberty Street	-C
Granberry & Co.	50 Broadway	-P
Grant & Atkins, Inc.	55 Liberty Street	-C
Grant, Lindsey, and Company, Inc.	55 Liberty Street	-C
Gutmann, Leo S.	67 Broad Street	-S
Habryl, Louis L.	Room 414, 2 Rector Street	-S
Hageman, Howard C.	60 East 42nd Street	-S
Hall, John L.	43 West 94th Street	-S
Halsey, R. W., & Co., Inc.	111 Broadway	-C
Hamilton, Alexander, Institute, Incorporated	13 Astor Place	-C
Hamilton, Investment Counselors	70 Pine Street	-S
Handelman, Meyer, Management Company	67 Wall Street	-S
Hanning, H. A.	141 Broadway	-S
Harmon, Earl B.	70 Pine Street	-S
Hicks, Edward Willis	41 Broad Street	-S
Holland, Homer C.	52 Broadway	-S
Howard, S., Associates, Inc.	894 Irvine Street	-C
Howe, Ernest Albert	280 Madison Avenue	-S
Hoyt, Colgate, & Co.	14 Wall Street	-P
Industry & Security Survey Corporation	67 Broad Street	-C
Institute of Applied Econometrics, Inc.	405 Lexington Avenue	-C
International Statistical Bureau, Inc.	70 Fifth Avenue	-C
Investors Counsel, Inc.	70 Pine Street	-C
Investor's Trend Analysis Co.	114 West 70th Street	-P
Jaeger, Edward V., Co., Inc.	165 Broadway	-C
James, Patrick J.	522 Fifth Avenue	-S
Jersey B & L Co.	19 East 47th Street	-S

## NEW YORK (Cont'd)

## New York (Cont'd)

Johnston & Lagerquist, Inc.	420 Lexington Avenue	-C
Jones, James B., Jr.	115 Broadway	-S
Kauffmann-Grinstead, K.	342 Madison Avenue	-S
Kean, Taylor & Co.	14 Wall Street	-P
Kelsey Statistical Service	1 Wall Street	-S
Kinney, Lee	107 Liberty Street	-S
Kirkbride, Franklin B.	74 Trinity Place	-S
Knafel, Morton B.	44 Pine Street	-S
Langmuir, Dean, Incorporated	90 Broad Street	-C
Lapham, Davis & Bianchi	44 Pine Street	-P
Lehman Brothers	1 William Street	-P
Levin, Nathan W.	570 Lexington Avenue	-S
Lewisohn, Randolph S.	29 Broadway	-S
Libaire, Stout & Co.	50 Broadway	-P
Loges, William G.	126 West 84th Street	-S
Lorenz, Otto C.	500 Fifth Avenue	-S
Loufbahn's Financial Service	102 Warren Street	-S
Low Price Investment Service	Box 129 Wall St. Station	-S
Lowry and Mills	40 Wall Street	-P
Lyman, David B., 3rd	347 Madison Avenue	-S
MacDonald's, W. J., Market Advisory Service	78-80 Wall Street	-S
Maifax	52 Vanderbilt Avenue	-S
Manganaro, Joseph V.	50 Broad Street	-S
Mansfield & Staff	117 Liberty Street	-S
Marks, Morris F., Jr.	31 Nassau Street	-S
Marshall, Warner & Company, Incorporated	90 Broad Street	-C
McIntosh, J. R., & Co., Inc.	120 Broadway	-C
Merchant, Helen	30 Broad Street	-S
Merriman, Norman	67 Broad Street	-S
Minton, D. M. & Co.	111 Broadway	-P
Moody's Investors Service	65 Broadway	-C
Munn, Glenn G.	25 Broad Street	-S
Myles, Edith Harlan	Room 1902, 730 Fifth Ave.	-S
Naess & Cummings	63 Wall Street	-P
National Securities & Research Corporation	1 Cedar Street	-C
Neville, Rodie and Company	522 Fifth Avenue	-P
Newbold, Douglas T.	9 Rockefeller Plaza	-S
Norton, Charles M.	112 East 19th Street	-S
Oliver, Seabury	49 Broad Street	-S
O'Neill, Grover, & Co.	20 Exchange Place	-P
Oppenheim, Laurent, Jr.	630 Fifth Avenue	-S
Parker & Dobson, Inc.	110 East 42nd Street	-C
Pell, John H. G., H Co., Inc.	1 Wall Street	-C
Pettit, Karl D., & Co.	20 Exchange Place	-P
Pinner, Felix, Dr.	70 Pine St., Room 3000	-S
Pittman, G. Harrison, Associates, Incorporated	60 East 42nd Street	-C
Pressprich, R. W., & Co.	68 William Street	-P
Prince, Theodore	44 Wall Street	-S

## NEW YORK (Cont'd)

## New York (Cont'd)

Pulsifer, Fiske & Scheyhing	50 Pine Street	-P
Rauch, S. A.	304 East 52nd Street	-S
Research Institute for Business Administration, Inc.	405 Lexington Avenue	-C
Reynolds & Co.	120 Broadway	-P
Roberts, Charles S.	11 East 43rd Street	-S
Robinson, George P., and Co., Inc.	14 Wall Street	-C
Rockwood, John P.	Room 1112, 250 Park Avenue	-S
Roystone, W. H.	15 East 58th Street	-S
Rubes, Henry A.	23 Beaver Street	-S
Russell, Albert F.	280 Broadway	-S
Schlesinger, Edwin J.	41 East 42nd Street	-S
Schneider, Walter Edward	80 Maiden Lane	-S
Scobey, Wilfley	3001 Valentine Avenue	-S
Securities Advisory Counsel, Inc.	30 Church Street	-C
Securities Appraisal Company, Inc.	110 East 42nd Street	-C
Security Owners Advisory Bureau, Inc.	90 Broad Street	-C
Seligman, J. & W., & Co.	54 Wall Street	-P
Shaw, A. Vere, & Company	15 William Street	-P
Shea, H. Gregory	115 Broadway	-S
Shearson, Hamill & Co.	14 Wall Street	-P
Shepard, S. J., & Co.	9 Rockefeller Plaza	-P
Shields & Company	44 Wall Street	-P
Shufro, Rose & Co.	One Wall Street	-P
Simpson, Lueco Earle	225 Broadway	-S
Smith, Barney & Co.	14 Wall Street	-P
Standard Statistics Company, Inc.	345 Hudson Street	-C
Sterling, Grace & Co.	50 Broad Street	-P
Stern, Richard M.	101 Cedar Street	-S
Stiefel, Otto I.	50 Pine Street	-S
Sullivan & Crowell, Inc.	140 Nassau Street	-C
Sweetser & Co.	43 Broad Street	-P
Syms, Alfred S.	Room 626, 280 Broadway	-S
Tauber & Tauber, Inc.	11 Broadway	-C
Taylor, Clara Isabel	730 Fifth Avenue	-S
Taylor, Owen, Associates	35 South William Street	-S
Taylor, W. R. K., & Co.	120 Broadway	-P
Ticker Publishing Co., Inc.	90 Broad Street	-C
Town Topics Financial Bureau	16 Beaver Street	-S
Towne, George C., & Company, Incorporated	101 Park Avenue	-C
Townsend-Skinner & Company, Incorporated	41 East 57th Street	-C
Trainer & Associates	274 Madison Avenue	-S
Transco Corporation	610 Fifth Avenue	-C
Trask, Spencer, & Co.	25 Broad Street	-P
Trent & Co., Inc.	730 Fifth Avenue	-C

NEW YORK (Cont'd)

New York (Cont'd)

Tucker, Albert	1451 Broadway	-S
Vance, Chapin & Co., Inc.	420 Lexington Avenue	-C
Van Cleef, Jordan and Wood	14 Wall Street	-P
Van Strum & Towne, Inc.	70 Pine Street, 57th Floor	-C
Wall Street Financial Bureau, Inc.	79 Wall Street	-C
Watson, Louise	One Cedar Street	-S
Weck, Albert H., Co.	67 Wall Street	-S
Wells, Joseph G.	130 West 42nd Street	-S
Wentworth & Co.	11 Broadway	-P
Wetsel, A. W., Advisory Service, Inc.	405 Lexington Avenue	-C
Wetsel Market Bureau, Inc.	350 Fifth Avenue	-C
Wightman, M. S., & Co.	52 Broadway	-S
Williams, Edward Walter	50 Broad Street	-S
Williston, J. R., & Co.	115 Broadway	-P
Witten, John D.	405 Lexington Avenue	-S
Wood, Alan M.	111 Broadway	-S
Wood, Struthers & Co.	20 Pine Street	-P
Wortham & North, Incorporated	515 Madison Avenue	-C
Yaeger & Company	27 Pearl Street	-P
Yeager, H. C., & Company, Inc.	330 West 42nd Street	-C
Young, C. W. & Co., Inc.	110 East 42nd Street	-C

Rochester

Howe, Winthrop K., Jr.	183 East Main Street	-S
Investographs, Inc.	31 Gibbs Street	-C
Quinn, Edwin S., & Co.	31 Gibbs Street	-P
Seelye Advisory Service	1129 Granite Building	-S
Smith & Hall	10 Gibbs Street	-P
Smith, Willard J., & Greenfield	16 Main Street East	-P

St. Albans

Dearborn Market Analysis, The	112-14 - 197th Street	-S
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Scarsdale

Business Trend Service	P. O. Box 113	-S
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Syracuse

Investors Research Bureau, Inc.	109 West Onondaga Street	-C
Rogers, Rufus I.	601 Herald Building	-S
Shove, John D.	601 Herald Building	-S
Webster, D. C., & Co., Inc.	712 Loew Building	-C

Troy

Betts and Morris	1904 Fifth Avenue	-P
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NEW YORK (Cont'd)

*Utica*

Allen Fund Distributors, Inc.	255 Genesee Street	-C
Palmros, G. A., & Co., Inc.	240 Genesee Street	-C
Sherman and Poole	255 Genesee Street	-P

*Whitestone*

de Goumois, Marc	160-15 Seventh Avenue	-S
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NORTH CAROLINA

None

NORTH DAKOTA

None

OHIO

*Cincinnati*

Fillmore, W. H., & Co.	Fourth and Walnut Sts.	-C
Gardell, Howard A.	100 Paxton Road	-S
Haydock, Lamson & Co.	Fourth and Walnut Sts.	-P
Morrill, Logan	Fourth and Vine Streets	-S
Sinnickson, Richard, & Co.	111 East Fourth Street	-S
Toe Water, George M.	709 Gerke Building	-S

*Cleveland*

Alexander, R. R., & Co.	1101-03 Fidelity Bldg.	-S
Atkinson, Albert E.	1557 Union Commerce Bldg.	-S
Ball, Coons & Company	502 Union Commerce Bldg.	-C
Boyd & Company	1700 Union Commerce Bldg.	-P
Comey & Company	1644 Union Commerce Bldg.	-S
Cunningham & Co.	1846 Union Commerce Bldg.	-P
Harvey, M. C., and Company	1566 Hanna Building	-S
Rees, Leonard M.	3666 Sutherland Road, Shaker Heights	-S

*Middletown*

Oglesby, Robert Dickey	505 Highland Street	-S
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*Portsmouth*

National Investment Advisory Service	Masonic Temple	-S
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OKLAHOMA

*Oklahoma City*

Schaul, Gordon Tasker	912 North Douglas St.	-S
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## OREGON

## Portland

Bald, H. E., & Co.	428 U. S. Nat'l Bank Bldg.	-C
Helser, J. Henry, & Co.	311 American Bank Bldg.	-S

## PENNSYLVANIA

## Harrisburg

School of Wall Street	1804 Sixth Street	-S
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## Huntingdon

Miller, Herbert A.	326 Penn Street	-S
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## Jenkintown

Grodinsky, Julius	100 Summitt Avenue	-S
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## Lancaster

Baer, Martin H.	Fulton Bank Bldg.	-S
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## Lebanon

Ritcher, Walter J.	115 South 1st Avenue	-S
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## Philadelphia

Fishop and Company	1500 Walnut Street Bldg.	-S
Boedker, William Frederick	1528 Walnut Street	-S
Brinton, Charles W.	220 South 16th Street	-S
Drexel & Co.	15th & Walnut Sts.	-P
Edwards, Harry E.	1029 Real Estate Tr. Bldg.	-S
Fritz & Shumate	1500 Walnut Street	-P
Goodman, Joseph D.	1419 Walnut Street	-S
Hall, N. S., & Co., Inc.	Packard Building	-C
Investment Registry of America, Inc.	1515 Locust Street	-C
Irvine, Wayne H.	123 South Broad Street	-S
Kaufmann, Eugene M., Jr.	1528 Walnut Street	-S
Lawson, Victor J., & Co.	Lincoln-Liberty Bldg.	-S
Long, Joseph F.	212 South Fifteenth St.	-S
Loomis, Sayles & Company Incorporated (Pa.)	1500 Walnut Street	-C
Martin & Co., Inc.	111 South 15th Street	-C
McCaffrey, Raymond James	5453 Spruce Street	-S
Menaugh, Wright & Company	123 South Broad Street	-P
Miller, James Rumrill	123 South Broad Street	-S
Newbold's, W. H., Son & Co.	1517 Locust Street	-P
Newburger, Loeb & Co.	1419 Walnut Street	-P
Security Research Bureau	246 South 15th Street	-S
Slaymaker, Samuel E., Jr.	1421 Chestnut Street	-S

## PENNSYLVANIA (Cont'd)

## Philadelphia (Cont'd)

Spellissy, Arthur E.	1616 Walnut Street	-S
Sweetser, Sheppard & Deakin	111 South 15th Street	-P
Trimble & Co.	1326 Walnut Street	-P
Wasserman, W. S., & Co.	225 South Fifteenth Street	-C
Wellington Corp., The	1811 Packard Building	-C
Young, Frank Howard	637 North 12th Street	-S

## Pittsburgh

Beattie, John A., & Company	223 Fourth Avenue	-C
Economic Counsel	945 Union Trust Bldg.	-S

## Uniontown

Cowen, Maurice	21 Charles Street	-S
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## RHODE ISLAND

## Providence

Strickler & Greenough	15 Westminster St.	-P
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## SOUTH CAROLINA

None		
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## SOUTH DAKOTA

None		
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## TENNESSEE

## Memphis

Wade, Maury	Farnsworth Building	-S
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## TEXAS

## Dallas

Campbell, Henderson and Company	1206 1st Nat'l Bank Bldg.	-C
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## Fort Worth

Manning, R. H.	4712 Bryce Street	-S
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## Houston

MacMahon, Andrew Merritt	820 Union Nat'l Bank Bldg.	-S
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## Pampa

Stock Market Service	118 West Kingsmill	-S
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UTAH

*Salt Lake City*

Neberker, W. D., Jr.

902 Kearns Building

-S

VERMONT

None

VIRGINIA

*Alexandria*

Calder and Company

102 E. Braddock Road  
(P. O. Box 360)

-S

WASHINGTON

*Seattle*

Hawkes, Theron  
Loomis and Ostrander  
Mohr, F. M., Inc.

1411 Fourth Avenue  
1411 - 4th Ave. Bldg.  
615-16-17 Vance Bldg.

-S

-S

-C

*Spokane*

Tuttle, John I.

1711 South Wall Street

-P

WEST VIRGINIA

None

WISCONSIN

*Green Bay*

Burnham & Hagan, Inc.

500 Northern Building

-C

*Milwaukee*

Associated Bank Counsel  
Investors Research Bureau  
Leekley & Williams  
Loomis, Sayles & Company  
Incorporated  
Newman, R. F.  
Newton & Company  
Weinert, Mary A.

161 W. Wisconsin Avenue  
308 North Third Street  
757 North Broadway

-P

-C

-P

411 East Mason Street  
735 North Water Street  
213 West Wisconsin Avenue  
617 North Second Street

-C

-S

-C

-S

WYOMING

None



For IMMEDIATE Release Wednesday, November 6, 1940

SECURITIES AND EXCHANGE COMMISSION  
Washington

INVESTMENT ADVISERS ACT OF 1940  
Release No. 5

THE LIBRARY OF THE

NOV 23 1960

UNIVERSITY OF ILLINOIS

In the Matter of :  
: :  
MARINE MIDLAND GROUP, INC. : FINDINGS AND OPINION  
: OF THE COMMISSION  
File No. 802-1 :  
: :  
(Investment Advisers Act of 1940 :  
Section 202 (a) (11) (F)) :  
: :

APPEARANCES:

Henry Fischer, Esq., for the Investment Advisers Division of the Commission.

Marine Midland Group, Inc., has filed an application with the Commission pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940 for an order declaring it not to be an investment adviser within the intent of Section 202 (a) (11) of the Act. 1/

1/ "Investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities; but does not include (A) a bank, or any holding company affiliate, as defined in the Banking Act of 1933, which is not an investment company; (B) any lawyer, accountant, engineer, or teacher whose performance of such services is solely incidental to the practice of his profession; (C) any broker or dealer whose performance of such services is solely incidental to the conduct of his business as a broker or dealer and who receives no special compensation therefor; (D) the publisher of any bona fide newspaper, news magazine or business or financial publication of general and regular circulation; (E) any person whose advice, analyses, or reports relate to no securities other than securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States, or securities issued or guaranteed by corporations in which the United States has a direct or indirect interest which shall have been designated by the Secretary of the Treasury, pursuant to section 3 (a) (12) of the Securities Exchange Act of 1934, as exempted securities for the purposes of that Act; or (F) such other persons not within the intent of this paragraph, as the Commission may designate by rules and regulations or order."

A public hearing on the application was held after appropriate notice. The Commission has examined the record and makes the following findings.

Marine Midland Group, Inc., hereinafter referred to as "applicant," is a New York corporation having an authorized capital stock of 2,000 shares, of which only 78 are issued and outstanding. These 78 shares are beneficially owned by a group of 20 banks and trust companies, all of which are controlled through stock ownership by Marine Midland Corporation, a holding company affiliate of the applicant within the definition of the Banking Act of 1933. Applicant furnishes its services exclusively to the 20 banks and trust companies which own its stock. These services consist of supervision and advice in connection with the banking business of the 20 banks and trust companies, including among other things credit and loan information, trust department practice, standardization of operations and forms, advertising and new business, and bonds, investments, and statistics. The services are performed pursuant to contract whereby the entire cost of applicant's operations is allocated among and paid by its stockholders, ratably in accordance with the average amount of their respective deposits.

Applicant and all the banks and trust companies to which it renders services are, equally with Marine Midland Corporation, subject to the supervision of the Board of Governors of the Federal Reserve System and of the Comptroller of the Currency and to other provisions of the Banking Act of 1933. As indicated above, applicant performs services exclusively for the benefit of the 20 banks and trust companies which together beneficially own all of its outstanding stock and does not render any services whatsoever, investment advisory or otherwise, to the public.

Section 202 (a) (11) (A) of the Investment Advisers Act of 1940 specifically excludes from the definition of investment adviser "any holding company affiliate, as defined in the Banking Act of 1933, which is not an investment company." In addition to those persons specifically excluded from the definition of "investment adviser," Section 202 (a) (11) (F) excludes "such other persons not within the intent of this paragraph, as the Commission may designate by rules and regulations or order."

The facts before us indicate that all the activities of applicant, including those of investment adviser, are controlled by a holding company affiliate, as defined in the Banking Act of 1933, and are performed solely in the interest of such affiliate for a group of banks affiliated with it. On the basis of the record before us we find, and an order will issue declaring that, pursuant to Section 202 (a) (11) (F), applicant is not an "investment adviser" within the intent of Section 202 (a) (11). Such order will not relieve applicant from the operation of the Act, if, at any time, the facts recited above are materially changed.

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 1st day of November, A.D., 1940.

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In the Matter of	:	
	:	
MARINE MIDLAND GROUP, INC.	:	
	:	
File No. 802-1	:	ORDER
	:	
(Investment Advisers Act of 1940 -	:	
Section 202 (a) (11) (F))	:	
	:	

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Marine Midland Group, Inc., having filed an application, pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940, for an order declaring it not to be an investment adviser within the intent of Section 202 (a) (11) of the Act;

A public hearing having been held after appropriate notice; the Commission having examined the record; and having this day made its findings in the matter;

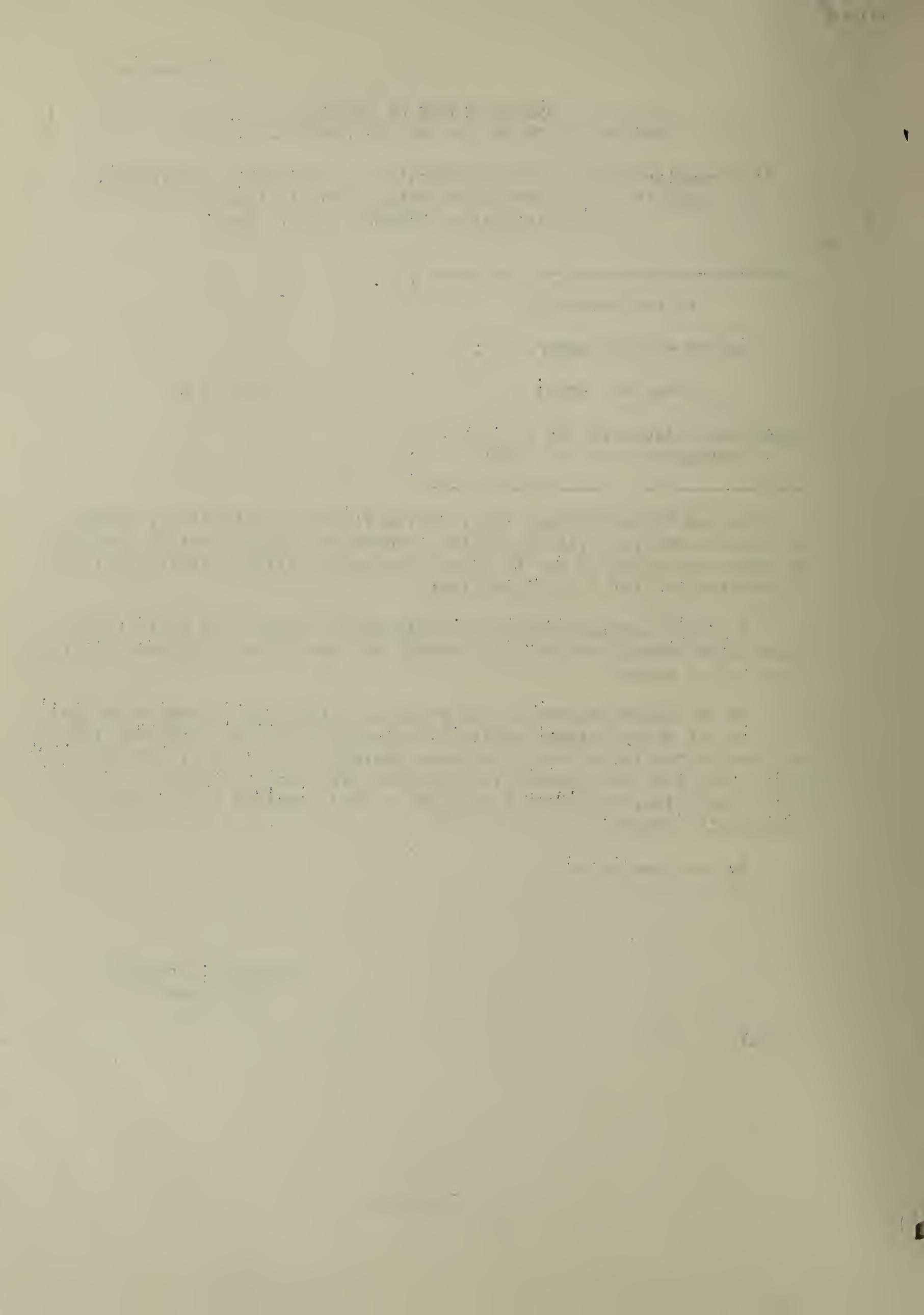
IT IS HEREBY ORDERED on the basis of said findings that said applicant is not an investment adviser within the intent of paragraph (11) of Section 202 (a) of the Investment Advisers Act of 1940, provided that this order will not relieve the applicant from the operation of the Act if, at any time, the facts disclosed in said findings should become materially changed.

By the Commission.

Francis P. Brassor,  
Secretary.

(SEAL)

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For IMMEDIATE Release Wednesday, November 6, 1940

SECURITIES AND EXCHANGE COMMISSION  
Washington

THE LI

INVESTMENT ADVISERS ACT OF 1940  
Release No. 6

1 NOV 1

UNIVERSITY

In the Matter of

FIRST SERVICE CORPORATION

File No. 802-2

FINDINGS AND OPINION  
OF THE COMMISSION

(Investment Advisers Act of 1940 -  
Section 202 (a) (11) (F))

APPEARANCES:

Henry Fischer, Esq., for the Investment Advisers Division of the Commission.

First Service Corporation has filed an original and supplemental application with the Commission pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940 for an order declaring it not to be an investment adviser within the intent of paragraph (11) of Section 202 (a) of the Act.

A public hearing on the application was held after appropriate notice. The Commission has examined the record and makes the following findings.

First Service Corporation (hereinafter referred to as "applicant") is a Minnesota corporation having an authorized capital stock of 1,000 shares, all of which are outstanding and owned by First Bank Stock Corporation. First Bank Stock Corporation is a holding company affiliate, as defined in the Banking Act of 1933, and holds a voting permit issued by the Board of Governors of the Federal Reserve System.

Applicant furnishes an examination and auditing service, credit facilities, advertising, and other like services and an investment advisory service, for compensation, exclusively to First Bank Stock Corporation, its affiliate banks and trust companies, a majority of the outstanding capital stock of which is owned by First Bank Stock Corporation, and to one other bank of which First Bank Stock Corporation owns 299 of a total of 1,000 outstanding shares.

Applicant and all the banks and trust companies to which it renders services are subject to the Banking Act of 1933. Applicant does not render any service of any character for compensation to anyone other than the banks and trust companies referred to above.

The facts presented in this application are similar to those passed upon by us this day in *Marine Midland Group, Inc.*, 8 S.E.C. \_\_\_\_\_ (1940), Investment Advisers Act Release No. \_\_\_\_\_. For the reasons indicated in that opinion we hold, and an order will issue declaring, that applicant is not an "investment adviser" within the intent of Section 202 (a) (11). Such order will not relieve applicant from the operation of the Act if, at any time, the facts recited above are materially changed.

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 1st day of November, A. D., 1940.

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In the Matter of	:	
FIRST SERVICE CORPORATION	:	
File No. 802-2	:	ORDER
(Investment Advisers Act of 1940 -	:	
Section 202 (a) (11) (F))	:	
	:	

---

First Service Corporation, having filed an original and supplemental application, pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940, for an order declaring it not to be an investment adviser within the intent of Section 202 (a) (11) of the Act:

A public hearing having been held after appropriate notice; the Commission having examined the record; and having this day made its findings in the matter:

IT IS HEREBY ORDERED on the basis of said findings that said applicant is not an investment adviser within the intent of paragraph (11) of Section 202 (a) of the Investment Advisers Act of 1940, provided that this order will not relieve the applicant from the operation of the Act if, at any time, the facts disclosed in said findings should become materially changed.

By the Commission.

(SEAL)

Francis P. Brassor,  
Secretary.

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For IMMEDIATE Release Monday, November 18, 1940

SECURITIES AND EXCHANGE COMMISSION  
Washington

THE LIBRARY OF THE

INVESTMENT ADVISERS ACT OF 1940  
Release No. 7

NOV 28 1940

UNIVERSITY OF ILLINOIS

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D.C.,  
on the 15th day of November, 1940.

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In the Matter of	:	
Harold Alton Meyer	:	ORDER POSTPONING EFFECTIVE DATE OF
doing business as	:	REGISTRATION FOR A PERIOD TO AND
	:	INCLUDING DECEMBER 1, 1940
Meyer & Co.	:	
35 Congress Street	:	
Boston, Massachusetts	:	

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The above named applicant having been served with an order for proceeding and notice of hearing on the denial of his registration and on the postponement of the effective date of such registration for a period not to exceed three months pursuant to Section 203 (d) and (e) of the Investment Advisers Act of 1940, and;

Said applicant having filed a written consent to the postponement of the effective date of registration to and including December 1, 1940, and having admitted that he was convicted of a felony and is the subject of a permanent injunction restraining him from certain acts and practices in connection with the sale of securities, and;

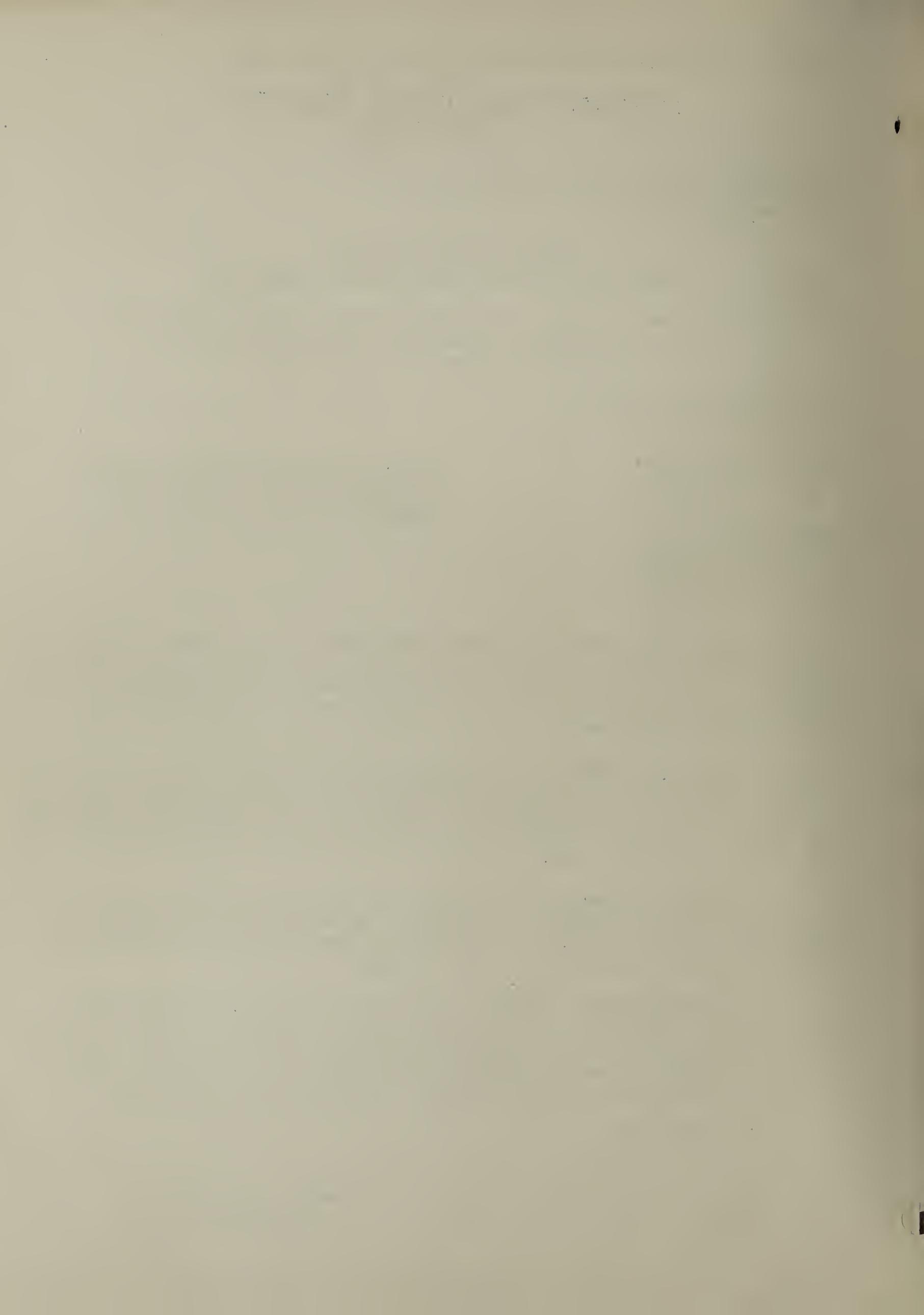
The Commission deeming it necessary and appropriate in the public interest and for the protection of investors to postpone the effective date of registration of the applicant to December 1, 1940, pending the continuance of hearing on said questions set forth above;

IT IS HEREBY ORDERED, Pursuant to Section 203 (e) of the Investment Advisers Act of 1940, that the effective date of applicant's registration be and is hereby postponed to and including December 1, 1940, subject to modification or extension as may appear in the interim to be advisable and necessary in the public interest and for the protection of investors.

By the Commission.

Francis P. Brassor,  
Secretary.

(SEAL)



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For IMMEDIATE Release Thursday, December 12, 1940

SECURITIES AND EXCHANGE COMMISSION  
Washington

INVESTMENT ADVISERS ACT OF 1940

Release No. 8

The Securities and Exchange Commission today made public an opinion of its General Counsel, Chester T. Lane, regarding a question which has been raised with respect to Section 208 (c) of the Investment Advisers Act of 1940. Section 208 (c) makes it unlawful for any person registered under the Investment Advisers Act to represent that he is an "investment counsel", or to use the name "investment counsel" as descriptive of his business, unless he is primarily engaged in the business of giving continuous advice as to the investment of funds on the basis of the individual needs of each client.

Certain State laws regulating persons engaged in the business of giving financial advice requires them to register and obtain licenses to act as "investment counsel" without distinction as to the type of service which they render with respect to the funds of their clients. Under these State laws the phrase "investment counsel" embraces all persons engaged in the business of giving financial advice.

Mr. Lane's opinion makes it clear that this difference in terminology between the State laws and the Investment Advisers Act does not create any conflict between the State and Federal laws. The opinion is specifically concerned with the extent to which a person registered under the laws of a particular State as an "investment counsel", but who is not primarily engaged in the type of business required by the Investment Advisers Act of 1940 as a condition to the use of such designation, may state that he is an "investment counsel". For example, a registered investment adviser who is not in fact an "investment counsel" within the meaning of the Act should use the term investment adviser or some term other than "investment counsel" in his general advertisement and on his letterhead. On the other hand, it is entirely proper for an investment adviser to state in answer to an inquiry that he is licensed to do business as an investment counsel in a particular State, or to affix to the wall of his office a certificate that he has qualified as an "investment counsel" under the laws of a particular State. The opinion concludes that the problem is essentially one of good faith and that an investment adviser who refers to himself as "investment counsel" only in situations where there is a common-sense justification for pointing out his legal status under state law will run no risk of violating the Investment Advisers Act.

The Text of the opinion follows:

"You have raised the question of a possible conflict between the provisions of Section 208 (c) of the Investment Advisers Act of 1940 and the provisions of certain State laws regulating investment advisers. These State laws require, in one form or another, that a person giving advice with reference to security investments obtain a license to act as an 'investment counsel'. Under the Investment Advisers Act, on the other hand, if such person is not primarily engaged in the business of rendering 'investment supervisory services'

(as defined in Section 202 (a) (13)), it will be unlawful for him 'to represent' that he is an 'investment counsel' or 'to use the name investment counsel as descriptive' of his business.

"Section 208 (c) of the Investment Advisers Act attempts to restrict the use of the term 'investment counsel' by persons registered under the Act to those who are primarily engaged in giving continuous advice as to the investment of funds on the basis of the individual needs of their clients. Although the state licensing laws referred to above use the phrase 'investment counsel', the context in which the phrase is used indicates that the intent of the statutes is to establish a general descriptive category for administrative purposes rather than to distinguish between investment advisers who give general market advice and those who give individualized service. I believe that the purposes of the Investment Advisers Act and of the state statutes are not necessarily conflicting.

"A person who is registered under the Investment Advisers Act but who is not an investment counsel within the meaning of that Act should in his general advertisement and on his letterhead refer to himself as an investment adviser or some other appropriate term other than investment counsel. In so doing he certainly would not be violating the state statutes and he would be conforming with the Investment Advisers Act. On the other hand, if he were asked whether his company is licensed under a state law, it would be entirely proper to reply that he is licensed to do business in that state as an investment counsel. Similarly a certificate issued by a state authority setting forth that he has qualified under the law as an investment counsel can properly be hung on the wall of his office. In such cases the investment adviser would simply be advising concerning his technical legal status under the state law.

"In a large measure the whole question is one of good faith. As a practical matter, if the investment adviser confines reference to himself as an 'investment counsel' to those situations in which there is common-sense justification for pointing out his legal status under a State law, he will run no risk of violating Section 208 (c)."

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For IMMEDIATE Release Friday, December 20, 1940.

SECURITIES AND EXCHANGE COMMISSION  
Washington

INVESTMENT ADVISERS ACT OF 1940

Release No. 9

The Securities and Exchange Commission announced today that as of December 18, 1940, 663 investment advisers were registered under the Investment Advisers Act of 1940.

During the period November 2 to December 18, 1940, inclusive, 63 applications for registration of investment advisers became effective, and the registrations of 5 investment advisers were withdrawn. The names and addresses of these investment advisers follow:

The following symbols are used:

S Sole Proprietorship  
P Partnership  
C Corporation

REGISTRATIONS WHICH BECAME EFFECTIVE  
NOVEMBER 2, TO DECEMBER 18, 1940, INCLUSIVE

American Bureau for Financial Research, Inc. 80 Wall Street New York,	- C New York
American Investors Union, Inc. 10 East 40th Street New York,	- Non-profit, mem- bership corp. New York
Anderson, James M. 725 South Garnsey Street Santa Ana,	- S California
Armstrong, Lewis F. 7055 Dartmouth Avenue University City,	- S Missouri
Ashmun, C. S., Company 1212 First National-Soo Line Building Minneapolis,	- C Minnesota
Assured Warranty Corporation 10 Post Office Square Boston,	- C Massachusetts
Baring-Gould, Edward Darragh 19 East Canon Perdido Street Santa Barbara,	- S California
Beverly National Company 8780 Sunset Boulevard Los Angeles,	- C California

Bigelow, Young, Inc. - C  
35 Congress Street  
Boston, Massachusetts

Campbell, John P. - S  
Bank and Insurance Building  
Ninth and Main Streets  
Dubuque, Iowa

Cobb, Charles Sherman - S  
29 San Miguel Road  
Pasadena, California

Collective Trading, Inc. - C  
115 Broadway  
New York, New York

Dienst & Shnitkin - P  
30 Broad Street  
New York, New York

DeMandel, Jack Edward - S  
Kohl Building  
San Francisco, California

Dixon, Frederick William - S  
Hill Crest,  
Jordan, New York

duPont, Francis I., & Co. - P  
1 Wall Street  
New York, New York

Dysart, Paul, & Associates - S  
#3 Maple Court  
Louisville, Kentucky

Ebert, Emil C. - S  
184 Winthrop Road  
Columbus, Ohio

Evans Company, The - P  
Milam Building  
San Antonio, Texas

Financial News, Inc., The - C  
82 Wall Street  
New York, New York

Fitzgerald & Co. (Michael David  
Fitzgerald, sole proprietor) - S  
541 Pleasant Street  
Worcester, Massachusetts

Griest, J. M., Estate Management - S  
402 New England Building  
Topeka, Kansas

Gumperz, Julian (Successor to Transco Corporation) 610 Fifth Avenue New York,	- S New York
Handler, Philip E., Captain 6414 Park Avenue West New York,	- S New Jersey
Heater's (Financial) Advisory Service (Elmer Harrison Heater, sole proprietor) 1802-28th Avenue, West Seattle,	- S Washington
Hill, Adams Sherman 53 State Street Boston,	- S Massachusetts
Himadi, David A. 210 West Seventh Street Los Angeles,	- S California
Holmes, A. S., & Co., Inc. Jefferson County National Bank Building Watertown,	- C New York
Huntley, C. E. 219 Realty Building Elmira,	- S New York
James, Henry Julian 328-1/2 South Bonnie Brae Street Los Angeles,	- S California
Karp, Joseph Roland 250 West 57th Street New York,	- S New York
Kelly, D. M., and Company 246 Garfield Place Brooklyn,	- P New York
Langer, Felix G. 1 Wall Street New York	- S New York
Laufman, C. Harry, Co. 235 Montgomery Street San Francisco,	- S California
Lowe, Justus F., Co. 1094 First National Soo Line Building Minneapolis,	- C Minnesota

Lubbe, Francis J. 506-10 Maine Street Quincy,	- S Illinois
Market Dynamics 141 West Jackson Blvd. Chicago,	- P Illinois
Market Statistics, Inc. 1080 Sherman Street Denver,	- C Colorado
Michael Anderson Morrell, Inc. 134 South LaSalle Street Chicago,	- C Illinois
Northwestern Market Service (Erwin C. Treichel, sole proprietor) 3729 - 17th Avenue, South Minneapolis,	- S Minnesota
Ogden, James H. 1500 Walnut Street Philadelphia,	- S Pennsylvania
Paty Publishing Company, The (William Michael, sole proprietor) 618 South Western Avenue Los Angeles,	- S California
Petroleum Information Service, Inc. 11 East 44th Street New York,	- C New York
Preston, Moss & Company 24 Federal Street Boston,	- P Massachusetts
Prudden, Russel Field 115 Broadway New York,	- S New York
Pugh's Triple-Zone Charts (Francis E. Teel, sole proprietor) 301 Finance Building Kansas City,	- S Missouri
Reiser, Edward Theodore 428 Main Street Platteville,	- S Wisconsin
Republic Investment Corporation 8555 Sunset Blvd. Hollywood,	- C California

Riemer, Leonard 50 Milford Avenue Newark,	- S New Jersey
Robinson, Edward Moore 1 Wall Street New York,	- S New York
Sawyer, A. H. 20 West Street Hingham,	- S Massachusetts
Stanton, Llewellyn F. 210 West Seventh Street Los Angeles,	- S California
Stein Bros. & Boyce 6 South Calvert Street Baltimore,	- P Maryland
Thulin, Frederick Adolph 105 South LaSalle Street Chicago,	- S Illinois
Trader Horne's Trend Indicator (Phyllis M. Horne, sole proprietor) 80 Wall Street New York,	- S New York
Trew & Company (Bartus Trew, sole proprietor) 49 Wall Street New York,	- S New York
Wells, C. L., & Company 724 South Spring Street Los Angeles,	- C California
Wentworth, T. F. (Successor to Wentworth & Co.) 11 Broadway New York,	- S New York
Weston, Lewis Herman Corner Fifth Street and Westmoreland Ave. Takoma Park	- S Maryland
Witherspoon & Company, Inc. 215 West Seventh Street Los Angeles,	- C California
Woodruff, Alling 342 Madison Avenue New York,	- S New York

Wyckoff Associates, Inc.  
1 Wall Street  
New York,

- C  
New York

Wyeth, Hass & Co.  
647 South Spring Street  
Los Angeles,

- C  
California

REGISTRATIONS WHICH WERE WITHDRAWN  
NOVEMBER 2, TO DECEMBER 18, 1940, INCLUSIVE

Bukaw, Elmira Dorothea  
3478 Fenton Avenue  
New York,

- S  
New York

Fritz & Shumate  
1500 Walnut Street  
Philadelphia,

- P  
Pennsylvania

Guthrie, John O.  
135 South LaSalle Street  
Chicago,

- S  
Illinois

Transco Corporation  
610 Fifth Avenue  
New York,

- C  
New York

Wentworth & Co.  
11 Broadway  
New York,

- P  
New York

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IN

For IMMEDIATE Release Monday, February 3, 1941

SECURITIES AND EXCHANGE COMMISSION  
Washington

INVESTMENT ADVISERS ACT OF 1940  
Release No. 10

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 31st day of January, A. D., 1941.

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In the Matter of	:	
SAVINGS BANKS ASSOCIATION OF MAINE	:	
File No. 802-3-1	:	NOTICE OF
Investment Advisers Act of 1940 -	:	AND ORDER
Section 202 (a) (11) (F)	:	FOR HEARING
	:	

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An application dated December 23, 1940 having been duly filed with this Commission on the 17th day of January, 1941 and a supplemental application dated January 21, 1941 having been duly filed with this Commission on the 23rd day of January, 1941 by the above-entitled party for an order pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940, designating the Savings Banks Association of Maine not to be an investment adviser within the intent of Section 202 (a) (11) of that Act;

IT IS ORDERED that a hearing on the above matter under the applicable provisions of the Act and the rules of the Commission thereunder be held at 10:00 A.M. on February 14, 1941, at the Washington Office of the Securities and Exchange Commission, and that said hearing be continued at such other time and place as the Commission or officer conducting said hearing may determine; that for the purpose of said hearing Charles S. Lobingier be and is hereby designated as the officer of the Commission, and pursuant to Section 209 (b) of the Investment Advisers Act of 1940, said officer is hereby authorized to administer oaths and affirmations, subpoena witnesses and compel their attendance, take evidence, require the production of books, papers, correspondence, memoranda and any and all other records deemed relevant or material to the matters in issue at said hearing, and to perform all other duties in connection therewith as authorized by law.

NOTICE OF SUCH HEARING IS HEREBY GIVEN to the applicant and to any other person whose participation in such proceeding may be in the public interest or for the protection of investors.

By the Commission.

Francis P. Brassor,  
Secretary.

(SEAL)



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THE UNITED STATES

For IMMEDIATE Release Friday, February 7, 1941

1941

SECURITIES AND EXCHANGE COMMISSION  
Washington

UNIVERSITY OF ILLINOIS

INVESTMENT ADVISERS ACT OF 1940  
Release No. 11

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 5th day of February, A. D., 1941.

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In the Matter of	:	ORDER FOR PROCEEDING AND NOTICE OF PUBLIC HEARING
GEORGE C. CROWDER	:	ON THE QUESTION OF DENIAL OF REGISTRATION AND THE POSTPONEMENT OF THE EFFEC-
doing business as	:	TIVE DATE OF REGISTRATION FOR A PERIOD OF NOT
THE INVESTORS INFORMATION CO.	:	EXCEEDING THREE MONTHS
153 Haley Street	:	PURSUANT TO SECTIONS 203.
Watertown, New York	:	(d) AND (e) OF THE INVEST- MENT ADVISERS ACT OF 1940.

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I

The Commission's public official files disclose that:

A

George C. Crowder, a sole proprietor doing business as The Investors Information Co., hereinafter referred to as the applicant, filed with the Commission on January 2, 1941, an application for registration on Form 1-R pursuant to Rule R-203-1, adopted by the Commission under Sections 203 and 211 of the Investment Advisers Act of 1940. On January 28 applicant, by written consent, agreed to the postponement of the effective date of registration to February 14, 1941.

B

A limited consent decree dated April 18, 1940 was entered in the Supreme Court of the State of New York, County of Jefferson, enjoining George C. Crowder from engaging in certain acts and practices in connection with the purchase and sale of securities.

II

The Commission, having considered such information, deems it necessary and appropriate in the public interest and for the protection of investors that public proceedings be instituted to determine:

A

Whether it is in the public interest to deny the application for registration of said applicant, pursuant to Section 203 (d) of the Investment Advisers Act; and

B

Whether, pursuant to Section 203 (e) of the said Act, pending final determination of the question set forth in paragraph II-A hereof, it is in the public interest to postpone the effective date of the said applicant's registration for a period not exceeding three months.

IT IS HEREBY ORDERED that, for the purpose of taking evidence on the questions set forth in paragraph II hereof, a hearing be held at 10:30 A.M. on February 13, 1941, at the New York Regional Office of the Securities and Exchange Commission at 120 Broadway, New York City, New York, and thereafter at such times and place in New York or elsewhere as the officer hereinafter designated to conduct the said hearing may determine; and Adrian C. Humphreys is hereby designated as the officer of the Commission to conduct the said hearing, and pursuant to Section 209 (b) of the Investment Advisers Act, the said officer is authorized to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, contracts, agreements, or other records which are relevant or material to the matters in issue at the said hearing, and to perform all other duties in connection therewith as authorized by law.

IT IS FURTHER ORDERED that this order and notice be served on said registrant personally or by registered mail not less than seven (7) days prior to the time of hearing, or in the event of failure to serve the registrant personally or by registered mail, that this order and notice be published in the Federal Register in the manner prescribed by the Federal Register Act.

Upon the completion of the taking of testimony in this matter, the officer conducting the said hearing is directed to conclude the said hearing, make his report to the Commission, and transmit same to the Commission with a record of the hearing hereby ordered.

By the Commission.

Francis P. Brassor,  
Secretary.

(SEAL)

For IMMEDIATE Release Monday, February 10, 1941

SECURITIES AND EXCHANGE COMMISSION  
Washington

INVESTMENT ADVISERS ACT OF 1940  
Release No. 12

In the Matter of

HAROLD ALTON MEYER, doing :  
business as MEYER & COMPANY  
35 Congress Street  
Boston, Massachusetts

FINDINGS AND OPINION  
OF THE COMMISSION

File No. 801-1

Investment Advisers Act of 1940 -  
Sections 203 (d) and (e)

INVESTMENT ADVISER REGISTRATION

DENIAL PROCEEDINGS  
PUBLIC INTEREST

Where applicant for registration as an investment adviser was convicted in 1932 of a larceny arising out of a securities transaction, which larceny occurred under various extenuating circumstances; where applicant was enjoined in 1937 from engaging in business as a broker or dealer while insolvent or from engaging in any other practice which might operate as a fraud on his customers, which injunction was premised on the necessity of safeguarding customers from the dangers inherent in transacting business with an insolvent broker and dealer and does not necessarily reflect on applicant's character; and where applicant does not propose to accept custody of his clients' funds or securities or discretionary powers with respect to their accounts, held that, under all the circumstances of the case, it is not in the public interest to deny registration and the proceeding is dismissed without prejudice, however, to the institution of a proceeding to revoke registration if facts contrary to those in the record should be presented in the future, or for any other sufficient reason.

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APPEARANCES:

Joseph P. Rooney of the Commission's Boston Regional Office, for the Investment Company Division.

Harold Alton Meyer, pro se.

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This proceeding was instituted under Sections 203 (d) and (e) of the Investment Advisers Act of 1940, to determine whether registration by Harold Alton Meyer, doing business as Meyer & Company, as an investment adviser, should be denied or whether the effective date of registration should be postponed for a period not exceeding three months, pending final determination on the question of denial. On January 10, 1941, with the consent of the respondent, we ordered that the effective date of registration be postponed until final determination of this proceeding. A hearing has been held and an advisory report has been filed by the trial examiner.

Section 203 (d), in so far as it is pertinent here, reads, as follows:

"The Commission after hearing may by order deny registration to . . . an applicant . . . if the Commission finds that such denial . . . is in the public interest and that such investment adviser . . . --

"(1) within ten years of the issuance of such order, has been convicted of any felony or misdemeanor involving the purchase or sale of any security or arising out of any conduct or practice of such investment adviser . . . as an investment adviser . . . broker, or dealer . . .;

"(2) at the time of the issuance of such order, is permanently or temporarily enjoined by . . . any court of competent jurisdiction from acting as an investment adviser, underwriter, broker or dealer, . . . or from engaging in or continuing any conduct or practice in connection with any such activity or in connection with the purchase or sale of any security; . . ."

Meyer's application for registration states, and the record confirms the fact, that in 1932 he was convicted in the Superior Court of Massachusetts for the County of Middlesex of a larceny arising out of a securities transaction and that in 1937 he was enjoined by the United States District Court in Massachusetts from engaging in certain conduct in connection with the purchase and sale of securities. The only question remaining is whether denial of Meyer's registration is in the public interest.

The criminal proceedings against Meyer -- in which he entered a plea of guilty of larceny -- were in connection with the misappropriation, while he was acting as a broker and dealer, of securities of a value of some \$1,200 belonging to a customer. There appear to have been extenuating circumstances and therefore the Court did not sentence him but placed him on probation conditioned upon his making restitution to the customer whose bonds he had appropriated. In January 1936, when complete restitution had been made through periodic payments during the interval, Meyer was dismissed from probation. Moreover, when Meyer filed with this Commission an application for registration as a broker and dealer, he disclosed the criminal proceedings against him and after a hearing and inquiry into the circumstances of the conviction, we adopted the recommendation of the trial examiner and permitted his registration to become effective on January 1, 1936. In that proceeding the customer whose securities had been misappropriated by Meyer appeared and testified in his favor.

In 1937 an investigation of Meyer's books revealed that he was insolvent. On motion of this Commission and with Meyer's consent, the Federal District Court in Massachusetts entered an order enjoining Meyer from engaging in business as a broker or dealer while insolvent, or from engaging in any other

practice which might operate as a fraud on his customers. The injunction obtained against Meyer was premised on the necessity for safeguarding customers from the dangers inherent in transacting business with an insolvent broker and dealer and does not necessarily reflect on Meyer's character.

Since the date of the injunction order Meyer has not engaged in business as a broker or dealer, but has acted as an investment adviser. Several witnesses called by Meyer on his behalf testified in this proceeding as to his reputation for a good character. These witnesses included Reverend Frederick Harlan Page, President Emeritus of the Massachusetts Conference Missionary Society, President of the Universal Theological Trustees Seminary and Senior Trustee of Wheaton College, Mr. Ernest H. Freeman, a partner of the stockbrokerage firm of Whitney and Elwell, and Mr. Richard B. Coolidge, President of the National Bank of Medford and Treasurer of Tufts College. Meyer furnished a list of his present customers to members of our staff and none of the customers interviewed by the staff had any complaints to make with regard to his conduct.

Meyer's application states that he does not accept custody of his clients' funds or securities, or discretionary powers with respect to their accounts. He testified at the hearing to the same effect. His charges are, and are to be, based on a percentage of the market value of his clients' portfolios.

Under all the circumstances of the case, we do not think it is in the public interest to deny registration as an investment adviser. This conclusion is in large part based on the fact that Meyer does not propose to accept custody of clients' securities or to accept discretionary powers over clients' funds but will confine his services to the rendering of advice on investments. We will dismiss the proceeding and permit the registration to become effective, but our order will be without prejudice to the institution of a proceeding to revoke registration if facts contrary to those in the record before us should be presented or for any other sufficient reason.1/

An appropriate order will issue.

By the Commission (Chairman Frank and Commissioners Healy, Eicher, and Pike), Commissioner Henderson being absent and not participating.

Francis P. Brassor,  
Secretary.

1/ Some question was raised in the proceeding as to the extent to which the respondent devoted himself to the business of investment adviser. We need not discuss that question except to point out that under Section 208 (c) of the Act, the respondent may not lawfully represent that he is an investment counsel or use the name investment counsel as descriptive of his business unless he is "primarily engaged in the business of rendering investment supervisory services."

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 10th day of February, A. D., 1941.

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In the Matter of	:	
HAROLD ALTON MEYER, doing business as MEYER & COMPANY	:	
35 Congress Street Boston, Massachusetts	:	ORDER DISMISSING PRO- CEEDING AND DECLARING REGISTRATION EFFECTIVE
File No. 801-1	:	
Investment Advisers Act of 1940 -	:	
Sections 203 (d) and (e)	:	

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Harold Alton Meyer, doing business as Meyer & Company, having filed with this Commission an application for registration as an investment adviser, pursuant to Section 203 (c) of the Investment Advisers Act of 1940 and the Rules promulgated thereunder, an order having been entered with the consent of the respondent postponing effectiveness of registration until the determination of this proceeding, a hearing having been held after appropriate notice to determine whether it is in the public interest to deny said application, and a trial examiner's report having been filed with this Commission;

This Commission being fully advised in the premises and having found on the basis of the record herein that the public interest does not require the denial of the said registration, as is more fully set forth in the Findings and Opinion of the Commission this day issued;

IT IS ORDERED that this proceeding be, and the same is, hereby dismissed without prejudice, however, to the institution of a proceeding to revoke registration if facts contrary to those in the record herein should be presented or for any other sufficient reason; and

IT IS FURTHER ORDERED that the said registration of Harold Alton Meyer, doing business as Meyer & Company, be, and the same hereby is, permitted to become effective as of the date of this order.

By the Commission.

(SEAL)

Francis P. Brasser,  
Secretary.

IN

For IMMEDIATE Release Wednesday, February 19, 1941

SECURITIES AND EXCHANGE COMMISSION  
Washington

THE LIBRARY (L. 46)

INVESTMENT ADVISERS ACT OF 1940  
Release No. 13

FEB 24 1941

UNIVERSITY OF ILLINOIS

The Securities and Exchange Commission today announced the adoption of a form to be used by registered investment advisers to keep the information in their registration applications reasonably current.

The new form, which is designated Form 2-R, must be filed with the Commission by all registered investment advisers semi-annually, within ten days after June 30 and December 31 of each year. The form requires the investment adviser to reexamine his registration statement and disclose whether or not amendments to the application are required. If amendments are required, investment advisers are to prepare them on Form 1-R and submit them to the Commission.

Copies of the form are available at the Washington offices and at each of the regional offices of the Securities and Exchange Commission.

The text of the Commission's action follows:

ADOPTION OF FORM 2-R FOR SEMI-ANNUAL REPORT OF REGISTERED INVESTMENT ADVISERS

The Securities and Exchange Commission, acting pursuant to the authority conferred upon it by the Investment Advisers Act of 1940, particularly Sections 204 and 211 thereof, and finding such action necessary and appropriate in the public interest and for the protection of investors and necessary to carry out the provisions of the Act, hereby adopts the following Rule R-204-1:

*Rule R-204-1. Form for Semi-Annual Report of Registered Investment Advisers.* Form 2-R entitled "Semi-Annual Report of Registered Investment Advisers" is hereby prescribed, pursuant to Section 204 of the Investment Advisers Act, as the form to be used by registered investment advisers to keep reasonably current the information contained in the registration application.

This report is to be filed with the Securities and Exchange Commission within ten days after June 30 and December 31 of each year.

Effective February 19, 1941.

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IN

For IMMEDIATE Release Thursday, February 20, 1941

SECURITIES AND EXCHANGE COMMISSION  
Washington

INVESTMENT ADVISERS ACT OF 1940  
Release No. 14

The Securities and Exchange Commission announced today that as of February 18, 1941, 709 investment advisers were registered under the Investment Advisers Act of 1940.

During the period December 19, 1940, to February 18, 1941, inclusive, 53 applications for registration of investment advisers became effective, the registrations of six investment advisers were withdrawn, and the registration of one investment adviser was cancelled. The names and addresses of these investment advisers follow.

The following symbols are used:

S Sole proprietorship  
P Partnership  
C Corporation

REGISTRATIONS WHICH BECAME EFFECTIVE  
DECEMBER 19, 1940, TO FEBRUARY 18, 1941, INCLUSIVE

Ainsworth's Financial Service Mason City,	- P Illinois
Andersen, Frank A. (See: Andersen Laboratories)	
Andersen Laboratories (Frank A. Andersen, sole proprietor) 76 Egmont Street Brookline,	- S Massachusetts
Banks, Huntley & Co. 634 South Spring Street Los Angeles,	- C California
Berger, Ernest, Company 215 Madison Street Tampa,	- S Florida
Best Investors Service (George Washington Byram, sole proprietor) 1712 East Ninth Street Cleveland,	- S Ohio
Bodell & Co., Inc. 32 Custom House Street Providence,	- C Rhode Island
Byram, George Washington (See: Best Investors Service)	

Cavanaugh, Morgan & Co.  
634 South Spring Street  
Los Angeles, - C California

Clark, John Bernard  
61 Park Avenue  
New York, - S New York

Clayton, Harold  
Barnett National Bank Building  
Jacksonville, - S Florida

Cotton Advisory Bureau  
(Abe Reisman Spielberger, sole  
proprietor)  
313 Grant Building  
Atlanta, - S Georgia

Current Records Incorporated  
11 Broadway  
New York, - C New York

Das, Dirk  
(See: Stock Trading Guide)

Dee, A. R.  
(Robert James Devinney, sole  
proprietor)  
6440 - 99th Street  
Forest Hills, - S New York

Devinney, Robert James  
(See: Dee, A. R.)

Freas, Perry Augustus  
1632 Glenwood Avenue  
Philadelphia, - S Pennsylvania

Gardner, Donald S.  
204 Bank of America Building  
San Diego, - S California

Gargilis, S., Financial Service  
131 Clarendon Street  
Boston, - S Massachusetts

General Statistical Service  
(James Ellinwood Halsted, sole  
proprietor)  
91 Wall Street  
New York, - S New York

Gowin, Enoch Burton  
(See: Personal Investors Counsel)

Gully, Henry ..	- S
1 Sherwood Place	
Scarsdale,	New York
Halsted, James Ellinwood	
(See: General Statistical Service)	
Hines, Frank T., Jr.	- S
933 Tiverton Avenue	
West Los Angeles,	California
Howe and Rusling, Inc.	- C
(successor to Winthrop K. Howe, Jr.)	
183 East Main Street	
Rochester,	New York
Huning, H. K., and Associates	- S
2970 Sheridan Road	
Chicago,	Illinois
Investors Management Corporation	- C
5 East Market Street	
Indianapolis,	Indiana
Keltner, Chester W.	- S
P. O. Box 692	
Kansas City,	Missouri
Knobloch, Carl W., Company	- S
Stamford Trust Company Building	
300 Main Street	
Stamford,	Connecticut
Levick, William Martin	- S
Bethlehem Pike & Prospect Avenue	
Fort Washington,	Pennsylvania
Light, Ernest Ferdinand	
(See: Light's Investment Service)	
Light's Investment Service	- S
(Ernest Ferdinand Light, sole	
proprietor)	
125 Winsor Avenue	
Watertown,	Massachusetts
Linker, Kahlman	
(See: Monthly Stock Digest Service)	
Loeb, Carl M., Rhoades & Company	- P
61 Broadway	
New York,	New York
Lyon, Sherman Barton	
(See: Trading Transactions)	

Mahon, John M., Jr. - S  
30 North Second Street  
Harrisburg, Pennsylvania

Market Barometer, Inc., The - C  
4740 Washburn Avenue, South  
Minneapolis, Minnesota

Maunsell, George - S  
133 Marlboro Street  
Boston, Massachusetts

Mayer, F. M. - S  
30 Broad Street  
New York

Mayer, L. S. - S  
704 Louisville Trust Building  
Louisville, Kentucky

Meyer & Company - S  
(Harold Alton Meyer, sole proprietor)  
35 Congress Street  
Boston, Massachusetts

Meyer, Harold Alton  
(See: Meyer & Company)

Minot, Kendall & Company, Inc. - C  
15 Congress Street  
Boston, Massachusetts

Monthly Stock Digest Service - S  
(Kahlman Linker, sole proprietor)  
89 Broad Street  
New York

National Investors Service - S  
(Orville C. Sanborn, sole proprietor)  
61 Broadway  
New York

Ornstein, Max - S  
305 Broadway  
New York

Personal Investors Counsel - S  
(Enoch Burton Gowin, sole proprietor)  
140 Spring Street  
New York

Porter, J. B., & Co., Inc. - C  
First National Bank Building  
128 West Main Street  
Bay Shore, New York

Pulsifer, Hale - S  
50 Pine Street  
New York, New York

Rhea, Greiner & Co. - P  
314 East Pikes Peak Avenue  
Colorado Springs, Colorado

Richard, C. B., & Co. - P  
44 Beaver Street  
New York, New York

Roberts, Arthur S. - S  
205 East 42nd Street  
New York, New York

Robertson, D. L. - S  
Gas and Electric Building  
Dayton, Ohio

Sanborn, Orville C.  
(See: National Investors Service)

Securities Research Corporation - C  
100 Milk Street  
Boston, Massachusetts

Securities Tabulating Corporation - C  
63 Wall Street  
New York, New York

Shaw, Walter Young - S  
507 South Narberth Avenue  
Merion Station, Pennsylvania

Specht, Emil  
(See: Specht Statistical Service)

Specht Statistical Service - S  
(Emil Specht, sole proprietor)  
80 Hanson Place  
Brooklyn, New York

Spielberger, Abe Reisman  
(See: Cotton Advisory Bureau)

Steinberg, Philip - S  
30 Broad Street  
New York, New York

Stock Trading Guide - S  
(Dirk Das, sole proprietor)  
443 Parsells Avenue  
Rochester, New York

Trading Transactions - S  
(Sherman Barton Lyon, sole proprietor)  
427 Hadley Avenue  
Dayton, Ohio

Warburg, Eric M., Inc. - C  
52 William Street  
New York, New York

Winston, Arthur A. - S  
1500 East 48th Street  
Brooklyn, New York

Wolf, Harry J. - S  
475 Fifth Avenue  
New York, New York

REGISTRATIONS WHICH WERE WITHDRAWN  
DECEMBER 19, 1940, TO FEBRUARY 18, 1941, INCLUSIVE

Brown, Harlow W. - S  
120 South LaSalle Street  
Chicago, Illinois

Clift, William Brooks - S  
44 Pine Street  
New York, New York

Cunningham & Co. - P  
1846 Union Commerce Building  
Cleveland, Ohio

Lapham, Davis & Bianchi - P  
44 Pine Street  
New York, New York

National Investors Service - S  
61 Broadway  
New York, New York

Shepard, S. J., & Co. - P  
9 Rockefeller Plaza  
New York, New York

REGISTRATION WHICH WAS CANCELLED  
DECEMBER 19, 1940, TO FEBRUARY 18, 1941, INCLUSIVE

Howe, Winthrop K., Jr. - S  
183 East Main Street  
Rochester, New York

IN  
For IMMEDIATE Release Wednesday, March 19, 1941

SECURITIES AND EXCHANGE COMMISSION  
Washington

INVESTMENT ADVISERS ACT OF 1940  
Release No. 15

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 17th day of March, A. D., 1941.

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In the Matter of	:	
	:	
SAVINGS BANKS ASSOCIATION OF MAINE	:	FINDINGS AND ORDER
	:	DECLARING APPLICANT
File No. 802-3	:	NOT TO BE INVESTMENT
	:	ADVISER
Investment Advisers Act of 1940 -	:	
Section 202 (a) (11) (F)	:	
	:	

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Savings Banks Association of Maine, having filed an application, pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940, for an order declaring it not to be an investment adviser within the intent of Section 202 (a) (11) of the Act;

A public hearing having been held after appropriate notice; the Commission having examined the record; and finding upon the basis of the said record that said Savings Banks Association of Maine is not within the intent of Section 202 (a) (11) of the Act;

IT IS HEREBY ORDERED, pursuant to Section 202 (a) (11) (F), that said applicant is hereby designated as not an investment adviser within the intent of paragraph (11) of Section 202 (a) of the Investment Advisers Act of 1940, provided that this order will not relieve the applicant from the operation of the Act if, at any time, the facts disclosed in said record should become materially changed.

By the Commission (Chairman Frank and Commissioners Healy, Eicher, and Pike), Commissioner Henderson being absent and not participating.

(SEAL)

Francis P. Brassor,  
Secretary.



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For IMMEDIATE Release Thursday, March 27, 1941

SECURITIES AND EXCHANGE COMMISSION  
Washington

INVESTMENT ADVISERS ACT OF 1940  
Release No. 16

THE LIBRAR

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UNIVERSITY OF

In the Matter of

GEORGE C. CROWDER, doing business as  
THE INVESTORS INFORMATION CO.  
153 Haley Street  
Watertown, New York

FINDINGS AND OPINION  
OF THE COMMISSION

Investment Advisers Act of 1940 -  
Sections 203 (d) and (e)

INVESTMENT ADVISER REGISTRATION

DENIAL PROCEEDINGS  
PUBLIC INTEREST

Where applicant for registration as an investment adviser is enjoined by a court of competent jurisdiction from engaging in certain acts and practices in connection with the purchase and sale of securities, held that on the basis of the record, and particularly after examination of the character of the transactions which were the basis for the injunction decree against applicant, it is in the public interest to deny registration.

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APPEARANCES:

Arthur G. Klein and Matthew C. Wilkin, for the Investment Company Division.

George C. Crowder, pro se.

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This proceeding was instituted under Sections 203 (d) and (e) of the Investment Advisers Act of 1940 to determine whether registration by George C. Crowder, doing business as The Investors Information Co., as an investment adviser should be denied or whether the effective date of registration should be postponed for a period not exceeding three months, pending final determination on the question of denial. Sections 203 (d) and (e) read in part, as follows:

"(d) The Commission after hearing may by order deny registration to . . . an applicant . . . if the Commission finds that such denial . . . is in the public interest and that such investment adviser . . .

"(2) at the time of the issuance of such order, is permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction from acting as an investment adviser, underwriter, broker, or dealer, . . . or from engaging in or continuing any conduct or practice in connection with any such activity or in connection with the purchase or sale of any security; . .

"(e) The commencement of a proceeding to deny registration under this section shall not operate to postpone the effective date of registration unless the Commission shall find that such postponement is necessary in the public interest and shall so order, but no such order shall operate to postpone such effective date for more than three months."

After appropriate notice a hearing was held before a trial examiner. The examiner filed an advisory report to which the respondent took certain exceptions.

At the hearing respondent consented to the postponement of the effective date of registration pending our final determination on the question of denial.

The application for registration states, and the record confirms the fact, that on April 18, 1940, a decree of the Supreme Court of the State of New York, County of Jefferson, was entered enjoining Crowder from engaging in various acts and practices in connection with the purchase and sale of securities. It appears that Crowder consented to the entry of this decree. The only question in issue, therefore, is whether denial of Crowder's registration is in the public interest.

Prior to the entry of the decree of the New York Supreme Court, an investigation of the affairs of George C. Crowder individually and George C. Crowder, Inc., in which Crowder was the dominant personality, was conducted by the Office of the Attorney General of the State of New York after various complaints had been received from customers of Crowder and his firm. The investigation, covering a series of transactions, disclosed that these customers were elderly people of modest means, having little knowledge of financial matters, who relied entirely on Crowder's or his agents' knowledge of securities and investments. Most of the transactions investigated appear to have been effected at prices substantially out of line with the prevailing price of the security being sold and at prices which represented a very high percentage of profit for Crowder.

In discussing the similar transactions involved in *G. Alex Hope, 7 S.E.C.\_\_\_\_* (1940), Securities Exchange Act Release No. 2617, we pointed out:

"Thus, even if the customer had been informed that the registrant was dealing with her as a principal in these transactions, as we have stated in *Duker & Duker*, 5 S.E.C.\_\_\_\_, Securities Exchange Act Release No. 2350 (1939): 'Inherent in the relationship between a dealer and his customer is the vital representation that the customer will be dealt with fairly, and in accordance with the standards of the profession. . . . A dealer may not exploit the ignorance of his customer to exact unreasonable profits resulting from a price which bears no

reasonable relation to the prevailing price.' 2/ It is not, of course, the amount of the profit *per se* which we condemn. A change in market conditions may increase the market price of a security over the amount paid for it by the dealer to a point where he can fairly sell it to his customer at a substantial increase over the purchase price. In the *Duker & Duker* case, where the dealer charged an uninformed customer a price which bore no reasonable relationship to the prevailing price, the fraud lay not in the amount of the profit realized but in the inherent misrepresentation as to the current market price of the security.

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"2/ Compare the Rules of Fair Practice of the National Association of Securities Dealers, Inc., Article III, Par. 4: 'In "over-the-counter" transactions, whether in "listed" or "unlisted" securities, if a member buys for his own account from his customer, or sells for his own account to his customer, he shall buy or sell at a price which is fair, taking into consideration all relevant circumstances, including market conditions with respect to such security at the time of the transaction, the expense involved, and the fact that he is entitled to a profit . . .'"

On the basis of the record before us, and particularly after examination of the character of the transactions which were the basis for the injunction decree against respondent, we find that it is in the public interest to deny registration. An appropriate order will issue.

By the Commission (Chairman Frank, Commissioners Healy, Eicher, and Pike), Commissioner Henderson being absent and not participating.

Francis P. Brassor,  
Secretary.

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 27th day of March, A. D., 1941.

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In the Matter of	:	
	:	
GEORGE C. CROWDER, doing business as	:	
THE INVESTORS INFORMATION CO.	:	ORDER DENYING REGISRA-
153 Haley Street	:	TION AS AN INVESTMENT
Watertown, New York	:	ADVISER
	:	
Investment Advisers Act of 1940 -	:	
Sections 203 (d) and (e)	:	
	:	

---

George C. Crowder, doing business as The Investors Information Co., having filed an application for registration as an investment adviser, pursuant to Section 203 (c) of the Investment Advisers Act of 1940 and the rules promulgated thereunder, and having consented to the postponement of the effective date of said registration pending the determination of this proceeding;

A hearing having been held after appropriate notice to determine whether it is in the public interest to deny said application for registration; the trial examiner's report and exceptions to the examiner's report having been filed; and the Commission being fully advised in the premises and having found on the basis of the record herein that the said George C. Crowder is enjoined by decree of a court of competent jurisdiction from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities and that the public interest requires the denial of said application for registration, as is more fully set forth in the Findings and Opinion of the Commission this day issued;

IT IS ORDERED that the said registration of George C. Crowder, doing business as The Investors Information Co., be and the same hereby is denied.

By the Commission.

Francis P. Brassor,  
Secretary.

(SEAL)

For IMMEDIATE Release Wednesday, April 23, 1941

SECURITIES AND EXCHANGE COMMISSION  
Washington

THE LIBRARY OF THE

APR 28 1941

INVESTMENT ADVISERS ACT OF 1940  
Release No. 18

UNIVERSITY OF ILLINOIS

The Securities and Exchange Commission announced today that 741 investment advisers were registered under the Investment Advisers Act of 1940 as of April 19, 1941.

During the period February 19 to April 19, 1941, inclusive, 44 applications for registration of investment advisers became effective, the registrations of 4 investment advisers were withdrawn, and the registrations of 8 investment advisers were cancelled. The names and addresses of these investment advisers follow.

The following symbols are used:

S Sole Proprietorship  
P Partnership  
C Corporation

REGISTRATIONS WHICH BECAME EFFECTIVE  
FEBRUARY 19 TO APRIL 19, 1941, INCLUSIVE

Banoff, Hiram I.	- S
531 East Lincoln Avenue	
Mount Vernon,	New York
Belden, Dan F.	- S
687 Lexington Avenue	
New York,	New York
Bentley, Charles	- S
Ninth Floor	
512 Fifth Avenue	
New York,	New York
Bogardus, Frost & Banning	- P
(successor to Graves, Banning & Co.)	
629 South Spring Street	
Los Angeles,	California
Bureau for Financial Advice, Inc.	- C
33 Riverside Drive	
New York,	New York
Cohn, S. Edward	- S
c/o Ernst & Company	
120 Broadway	
New York,	New York
Continental Securities Company	- C
705 Peoples National Bank Bldg.	
Grand Rapids,	Michigan

Curtiss, George Warren Room 2310 120 Broadway New York,	- S New York
Cutler, R. Y., Company 2146 Penobscot Building Detroit,	- S Michigan
Eastland, Douglass & Co. 317 Montgomery Street San Francisco,	- P California
Engemann, Max, Inc. 161 West Wisconsin Avenue Milwaukee,	- C Wisconsin
Ferguson's, Incorporated 100 Broadway New York,	- C New York
Fiske & Sheyhing (successor to Pulsifer, Fiske & Scheyhing) 50 Pine Street New York,	- P New York
Fitzpatrick & Company 25 Broadway New York,	- P New York
Gayton, Bertney E. (See: Gayton Investment Club)	
Gayton Investment Club, The 30 State Street Boston,	- S Massachusetts
Halsey, Andersen & Co. 111 Broadway New York,	- P New York
Hamburger, Adolf L. 1801 Munsey Building Baltimore,	- S Maryland
Harrison, Carter H., & Co. 209 South LaSalle Street Chicago,	- P Illinois
Havens, Joseph Elbert 23 Manchester Road Brookline,	- S Massachusetts
Haydock, Lull & Peabody (successor to Haydock, Lamson & Co.) 1201 First National Bank Building Fourth & Walnut Streets Cincinnati,	- P Ohio

Hocart, James Millen 123 Gordonhurst Avenue Montclair,	- S New Jersey
Investment Research Corporation 320 North Fourth Street St. Louis,	- C Missouri
Jaeger & Connell 303 Washington Terrace Audubon,	- P New Jersey
Kanter & Gross (successor to Richard P. Gross & Co.) 486 California Street San Francisco,	- F California
Laing, Mee & Company Jefferson Building Peoria,	- C Illinois
Market Advisory Bureau 313 Grant Building Atlanta,	- S Georgia
Mayer & Haas 39 Broadway New York,	- P New York
McCann, T. J., Co. 733 Ellicott Square Buffalo,	- S New York
McClure, K. G. 222 East 19th Street (Res.) New York,	- S New York
McElroy, Finley, Inc. 17th and Delmar St. Louis,	- C Missouri
McGregor, James C. North Riverside Drive St. Clair,	- S Michigan
Mitnitzky & Company 41 Broad Street New York,	- P New York
Morgan, Kennedy & Co., Inc. 55 Liberty Street New York,	- C New York
O'Melveny-Wagenseller & Durst 626 South Spring Street Los Angeles,	- C California

O'Neill, Grover, & Co. - P  
(successor to Grover O'Neill & Co., filed 10/3/40)  
20 Exchange Place  
New York, New York

Parkinson, James Harold - S  
120 South Harrison Street  
East Orange, New Jersey

Phillips, Leslie  
(See: Phillips Statistical Service)

Phillips Statistical Service - S  
964 Jackman Avenue  
Box 1833 (Mailing Address)  
Pittsburgh, Pennsylvania

Pyne, Kendall & Hollister - P  
60 Wall Street  
New York, New York

Racey, Edgar F. - S  
24 Federal Street  
Boston, Massachusetts

Robinson, Miller & Co. Inc. - C  
52 William Street  
New York, New York

Smith, Harry Percy - S  
80 Federal Street  
Room 640  
Boston, Massachusetts

Spielberger, Abe Reisman  
(See: Market Advisory Bureau)

Thumim, Frederick - S  
1 Sickles Street  
New York, New York

Wagner, Fred Reese  
(See: Wagner Investment Service)

Wagner Investment Service - S  
225 Hawthorne Avenue  
Haddonfield, New Jersey

Williams & Southgate - P  
25 Broad Street  
New York, New York

REGISTRATIONS WHICH WERE WITHDRAWN  
FEBRUARY 19 TO APRIL 19, 1941, INCLUSIVE

Allen Fund Distributors Inc. - C  
255 Genesee Street  
Utica, New York

Collective Trading, Inc.  
115 Broadway  
New York,

- C  
New York

Manning, R. H.  
4712 Bryce Street  
Fort Worth,

- S  
Texas

Sherman and Poole  
255 Genesee Street  
Utica,

- P  
New York

REGISTRATIONS WHICH WERE CANCELLED  
FEBRUARY 19 TO APRIL 19, 1941, INCLUSIVE

Fitzpatrick, Kaufmann & Co.  
25 Broadway  
New York,

- P  
New York

Graves, Banning & Co.  
629 South Spring Street  
Los Angeles,

- P  
California

Gross, Richard P., & Co.  
486 California Street  
San Francisco,

- P  
California

Halsey, R. W., & Co., Incorporated  
111 Broadway  
New York,

- C  
New York

Haydock, Lamson & Co.  
1201 First National Bank Building  
Fourth & Walnut Streets  
Cincinnati,

- P  
Ohio

O'Neill, Grover, & Co. (filed October 3, 1940)  
20, Exchange Place  
New York,

- P  
New York

Pulsifer, Fiske & Scheyhing  
50 Pine Street  
New York,

- P  
New York

Southgate & Company  
33 State Street  
Boston,

- P  
Massachusetts



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For IMMEDIATE Release Friday, October 17, 1941

OCT 23 1941

UNIVERSITY OF ILLINOIS

**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON**

INVESTMENT ADVISERS ACT OF 1940  
Release No. 20

The Securities and Exchange Commission today announced a public hearing on October 22, 1941, at 10:00 A.M., at its Washington offices, on the application (File 802-4) of Donner Estates, Inc. for an order declaring that it is not an investment adviser within the meaning of the Investment Advisers Act of 1940.

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON

INVESTMENT ADVISERS ACT OF 1940  
Release No. 21.

In the Matter of : UNIV  
: :  
DONNER ESTATES, INC. : :  
: :  
File No. 802-4 : FINDINGS AND OPINION  
: : OF THE COMMISSION  
Investment Advisers Act of 1940 - :  
Section 202 (a) (11), (F) : :  
-----

DEFINITION OF INVESTMENT ADVISER

Excepted Persons -- Corporation Furnishing Investment Advisory Services to Members of Same Family and Affiliated Charitable Enterprises

*A corporation all of the stock of which is held in trust for the benefit of members of a single family and which furnishes investment advisory services to trusts created by and for the benefit of members of the same family, to a former employee of a member of such family, and to a charitable trust and a charitable corporation created by a member of such family* HELD not an investment adviser within the intent of Section 202 (a) (11) of the Investment Advisers Act of 1940.

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APPEARANCES:

William J. Brown, Esq., for the Investment Company Division of the Commission.

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Donner Estates, Inc. filed on September 24, 1941 an application pursuant to the provisions of Section 202 (a) (11) (F) of the Investment Advisers Act for an order of the Commission declaring applicant not to be an investment adviser within the intent of Section 202 (a) (11) of that Act. 1/

1/ Section 202 (a) (11) reads:

"Investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities; but does not include (A) a bank, or any holding company affiliate, as defined in the Banking Act of 1933, which is not an investment company; (B) any lawyer, accountant, engineer, or teacher whose performance of such services is solely incidental to the practice of his profession; (C) any broker or dealer whose performance of such services is solely incidental to the conduct of his business as a broker or dealer and who receives no special compensation therefor; (D) the publisher of any bona fide newspapers, news magazine or business or

(continued)

A public hearing was held on the application on October 22, 1941 before a trial examiner designated by the Commission. The Commission, having considered the record, makes the following findings:

Donner Estates, Inc. (hereinafter sometimes referred to as the applicant) is a corporation organized under the laws of the Commonwealth of Pennsylvania on September 11, 1940. All the authorized capital stock of applicant, 100 shares of the par value of \$10 each, was originally issued to Dora Donner Ide, organizer of applicant, and is presently held by the Wilmington Trust Company, Wilmington, Delaware, as trustee under a trust created by Dora Donner Ide for the benefit of certain members of the family headed by William H. Donner, father of Dora Donner Ide. 2/ All the members of applicant's board of directors are members of the same family.

Applicant was organized for the purpose of acting as investment adviser for various trusts created by William H. Donner or members of his family. The advisory clients served by applicant include thirty-four trusts created by William H. Donner and members of his family for the benefit of various members of the same family. Applicant also advises one trust, the beneficiary of which is a former employee of William H. Donner and presently secretary-treasurer of applicant. It also acts as investment adviser for a charitable trust created by William H. Donner, and a charitable corporation created with capital donated by William H. Donner. 3/ Applicant has not conducted and does not propose to conduct any investment advisory business with the general public.

On the basis of the foregoing findings it is our conclusion that applicant is not now an investment adviser within the intent of Section 202 (a) (11) of the Investment Advisers Act and is entitled to the requested order. Such order will not relieve applicant from the operation of the Act if, at any time, the facts recited above are materially changed.

By the Commission (Chairman Eicher and Commissioners Healy, Pike, Purcell, and Burke).

Francis P. Brassor,  
Secretary.

(SEAL)

1 cont'd/ financial publication of general and regular circulation; (E) any person whose advice, analyses, or reports relate to no securities other than securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States, or securities issued or guaranteed by corporations in which the United States has a direct or indirect interest which shall have been designated by the Secretary of the Treasury, pursuant to Section 3 (a) (12) of the Securities Exchange Act of 1934, as exempted securities for the purposes of that Act; or (F) such other persons not within the intent of this paragraph, as the Commission may designate by rules and regulations or order."

2/ The record indicates that the trustee may vote this stock only upon the written direction of a majority of the adult beneficiaries from time to time of the trust. The trust is to terminate upon the death of the last surviving of several specified members of the family of William H. Donner.

3/ For its services in connection with eight of the personal trusts, applicant, although entitled to compensation to be fixed by agreement between applicant and the trustee, has received no compensation and does not intend to receive compensation in the future. The aggregate annual compensation received by applicant for its services in connection with the remaining twenty-seven personal trusts is \$11,100. Applicant receives no compensation from the charitable trust and receives annual compensation of \$3,000 from the charitable corporation.

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D.C.,  
on the 30th day of October, A.D., 1941.

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In the Matter of	:	
	:	
DONNER ESTATES, INC.	:	
	:	ORDER
File No. 802-4	:	
	:	
Investment Advisers Act of 1940 -	:	
Section 202 (a) (11) (F)	:	

---

Donner Estates, Inc. having filed an application pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940 for an order of the Commission declaring it not to be an investment adviser within the intent of paragraph (11) of Section 202 (a) of the Act;

A public hearing having been held after appropriate notice; the Commission having examined the record and having this day made its findings in the matter;

IT IS HEREBY ORDERED on the basis of said findings that applicant is not an investment adviser within the intent of paragraph (11) of Section 202 (a) of the Investment Advisers Act of 1940, provided that this order will not relieve the applicant from the operation of the Act if, at any time, the facts disclosed in said findings should become materially changed.

By the Commission.

Francis P. Brassor,  
Secretary.

(SEAL)

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DEC 16 1941

For IMMEDIATE Release Tuesday, December 9, 1941 UNIVERSITY OF ILLINOIS

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON**

INVESTMENT ADVISERS ACT

Release No. 22

The Securities and Exchange Commission announced today that Henry Lee Shattuck and Edwin Deering Brooks, individually and doing business as co-partners under the firm name of Shattuck and Brooks, Boston, Massachusetts, filed an application (File 802-5) under the Investment Advisers Act of 1940 for an order declaring that each of them and the partnership are not subject to the provisions of the Act and are not investment advisers within the meaning of the Act.

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DEC 29 1941  
UNIVERSITY OF ILLINOIS

For IMMEDIATE Release Monday, December 22, 1941

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON**

INVESTMENT ADVISERS ACT OF 1940  
Release No. 23

The Securities and Exchange Commission announced today that Augustus P. Loring, Jr., Boston, Massachusetts, filed an application (File No. 802-6) under the Investment Advisers Act of 1940 for an order declaring that he is not subject to the provisions of the Act and is not an investment adviser within the meaning of the Act.

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AIN  
For IMMEDIATE Release Monday, January 5, 1942

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON

INVESTMENT ADVISERS ACT OF 1940  
Release No. 24

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UNIVERSITY OF ILLINOIS

The Securities and Exchange Commission reported today that it had filed a complaint in the United States District Court at Denver, Colorado, seeking to enjoin F. W. Dyer, doing business as Empire Service Company, from further violating Section 206 of the Investment Advisers Act of 1940.

The Commission in its complaint charged that Dyer, a registered investment adviser, is engaging in transactions, practices and courses of business which operate as a fraud and deceit upon clients and prospective clients.

The complaint alleged, among other things, that Dyer is representing that his advisory service is based upon a formula which is scientific, mathematical and mechanical, and that success of trading does not depend upon human judgment but upon market changes which are determined by a secret known only to him. As a matter of fact, according to the complaint, his service is not dependent upon any formula except to the extent that he purports to follow a market charting service which does no more than attempt to indicate the trend of the market and is available to the general public. The defendant himself selects securities for purchase and such selection is subject to his own errors in judgment, the complaint alleged.

According to the complaint the defendant is offering to make good losses sustained by clients if they follow his service for one year, despite the fact that he has no capital, is in debt to former clients for money diverted to his own use, and is financially unable to carry out such an offer. It was also charged that the defendant accepted clients' funds for the purchase of securities and falsely represented that he had purchased the securities when he had converted the funds to his own use and benefit.

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For IMMEDIATE Release Saturday, January 10, 1942

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JAN 15 1942

UNIVERSITY OF ILLINOIS

## SECURITIES AND EXCHANGE COMMISSION WASHINGTON

### INVESTMENT ADVISERS ACT OF 1940

Release No. 25

The Securities and Exchange Commission reported today that F.W. Dyer, doing business as Empire Service Company, has been enjoined from further violating Section 206 of the Investment Advisers Act of 1940, when acting as an investment adviser and registered as such under that act. The judgment was entered by Judge J. Foster Symes of the United States District Court at Denver, Colorado, and was consented to by the defendant.

The Commission in its complaint alleged that Dyer was engaged in transactions, practices and courses of business which operated as a fraud and deceit upon clients and prospective clients.

The complaint alleged, among other things, that Dyer represented that his advisory service was based upon a formula which was scientific, mathematical and mechanical and that success of trading did not depend upon human judgment but upon market changes which were determined by a secret known only to him. As a matter of fact, according to the complaint, Dyer's service was not dependent upon any formula except to the extent that he purported to follow a market charting service which did no more than to attempt to indicate the trend of the market and was available to the general public.

According to the complaint, the defendant offered to make good losses sustained by clients if they followed his service for one year, despite the fact that he had no capital, was in debt to former clients for money diverted to his own use and was financially unable to carry out such an offer. The complaint charged that the defendant accepted clients' funds for the purchase of securities and falsely represented that he had purchased the securities when he had converted the funds to his own use and benefit.

The Commission was represented by Gilbert C. Maxwell, attorney attached to the Commission's Denver office. The investigation upon which the complaint was based was conducted by Mr. Maxwell and Werner J. Wappler, an accountant-investigator also attached to that office.

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For IMMEDIATE Release Monday, January 26, 1942

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JAN 30 1942

UNIVERSITY OF ILLINOIS

**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON**

INVESTMENT ADVISERS ACT OF 1940

Release No. 26

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 23rd day of January, A. D., 1942.

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In the Matter of	:	
F. W. DYER	:	ORDER FOR PROCEEDINGS AND
doing business as	:	NOTICE OF HEARING ON THE
	:	QUESTION OF REVOCATION OF
EMPIRE SERVICE COMPANY	:	REGISTRATION AS AN INVESTMENT
1835 Champa Street	:	ADVISER PURSUANT TO SECTION
Denver, Colorado	:	203 (d) OF THE INVESTMENT
	:	ADVISERS ACT OF 1940

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I

The Commission's public official files disclose that:

F. W. Dyer, doing business as Empire Service Company, a sole proprietorship, hereinafter referred to as the registrant, is registered as an investment adviser pursuant to Section 203 (c) of the Investment Advisers Act of 1940.

II

Members of its staff have reported to the Commission information which tends to show that the registrant is permanently enjoined by a decree entered on January 3, 1942, by the United States District Court for the District of Colorado from engaging in or continuing certain conduct and practices in connection with his activities as an investment adviser and in connection with the purchase or sale of securities.

III

The Commission, having considered such information, deems it necessary and appropriate that proceedings be instituted to determine:

- (a) Whether the statement set forth in Paragraph II hereof is true;
- (b) Whether, pursuant to Section 203 (d) of the Investment Advisers Act of 1940, it is in the public interest to revoke or suspend the registration of the registrant as an investment adviser.

IV

IT IS HEREBY ORDERED that a hearing for the purpose of taking evidence on the questions set forth in Paragraph III hereof be held at 10:00 A. M. on February 10, 1942 at the Denver Regional Office of the Securities and Exchange Commission at 444 Seventeenth Street, Denver, Colorado, and thereafter at such times and places as the officer hereinafter designated to conduct said hearing may determine; and John L. Geraghty is hereby designated as the officer of the Commission to conduct said hearing, and, pursuant to Section 209 (b) of the Investment Advisers Act of 1940, is hereby authorized to administer oaths and affirmations, sub pena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, contracts, agreements, or other records which are relevant or material to the matters in issue at said hearing, and to perform all other duties in connection therewith as authorized by law.

IT IS FURTHER ORDERED that this order and notice be served on said registrant personally or by registered mail not less than seven (7) days prior to the time of hearing.

Upon the completion of the taking of evidence in this matter, the officer conducting said hearing is directed to conclude said hearing, prepare a report to the Commission, and transmit same with a record of the hearing to the Commission.

By the Commission.

Francis P. Brassor,  
Secretary.

(SEAL)

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IN  
For IMMEDIATE Release Wednesday, February 18, 1942

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UNIVERSITY OF ILLINOIS

**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON**

INVESTMENT ADVISERS ACT OF 1940  
Release No. 27

The Securities and Exchange Commission announced today that a hearing has been set for February 25, 1942, at 10:00 A.M.; at the Commission's Washington offices, on the application (File No. 802-6) of Augustus P. Loring, Jr. for an order declaring that the applicant does not come within the definition of an investment adviser under the Investment Advisers Act of 1940.

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A hearing has been set for February 25, 1942, at 10:30 A.M.; at the Commission's Washington offices, on the application (File No. 802-5) of Shattuck & Brooks for an order declaring that the applicant does not come within the definition of an investment adviser under the Investment Advisers Act of 1940.

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For Release in MORNING Newspapers of Saturday, February 28, 1942

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON

INVESTMENT ADVISERS ACT OF 1940  
Release No. 28

THE LIBRARY OF THE  
MARCH 7 1942  
UNIVERSITY OF ILLINOIS

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 27th day of February, A. D., 1942.

In the Matter of	:	
	:	
F. W. DYER, doing business as	:	
EMPIRE SERVICE COMPANY	:	FINDINGS AND ORDER
1835 Champa Street	:	REVOKING REGISTRATION
Denver, Colorado	:	AS INVESTMENT ADVISER
	:	
Investment Advisers Act of 1940 -	:	
Section 203 (d)	:	

1. F. W. Dyer, doing business as Empire Service Company, is registered with this Commission as an investment adviser under Section 203 (c) of the Investment Advisers Act of 1940. We instituted this proceeding to determine whether his registration as such should be suspended or revoked pursuant to Section 203 (d) of the Act.

2. Respondent has admitted that he is permanently enjoined by an order of the United States District Court for the District of Colorado, entered on January 3, 1942, from engaging in certain conduct and practices in connection with the purchase and sale of securities and in connection with his business as an investment adviser. He further admitted that in the conduct of his business as an investment adviser he:

- (a) Has misrepresented the nature of his advisory service;
- (b) Has offered to make good any losses sustained by his clients, when he was unable to carry out such an offer;
- (c) Has accepted clients' funds for the purchase of securities and has represented that the securities had been purchased when he had not so purchased the securities;
- (d) Has converted to his own use and benefit the money sent him by clients for the purchase of securities;
- (e) Has represented that clients' funds were used in purchasing securities and paying charges and failed to account for remaining balances;
- (f) Has purchased securities contrary to the authority of his clients and converted remaining balances to his own use and benefit.

Respondent has consented to the revocation of his registration as an investment adviser.

3. We find that respondent is permanently enjoined by an order of the United States District Court for the District of Colorado, entered on January 3, 1942, from engaging in certain conduct and practices in connection with his business as an investment adviser and in connection with the purchase and sale of securities, and that revocation of his registration as an investment adviser is in the public interest.

Accordingly, IT IS ORDERED that the registration as an investment adviser of F. W. Dyer, doing business as Empire Service Company, be, and it hereby is, revoked.

By the Commission (Chairman Purcell, Commissioners Healy, Pike, and O'Brien), Commissioner Burke being absent and not participating.

(SEAL)

Francis P. Brassor,  
Secretary.

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For IMMEDIATE Release Saturday, March 7, 1942

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON

INVESTMENT ADVISERS ACT OF 1940  
Release No. 29

The Securities and Exchange Commission today announced the adoption of a form of application, known as Form 3-R, to be used by a firm formed as the successor to a registered investment adviser.

Form 3-R permits any person who takes over substantially all of the assets of a registered investment adviser and continues the business as an investment adviser to incorporate by reference all of the information originally supplied by the registered investment adviser whose assets are thus taken over, supplemented by any information which is pertinent to the successor firm alone. As a result of this procedure, successors to registered investment advisers will not be required to file a completely new application for registration as an investment adviser.

Copies of the new form are available at the Main Office and at each of the Regional Offices of the Commission. The text of the Commission's formal action follows:

The Securities and Exchange Commission acting pursuant to the authority conferred upon it by the Investment Advisers Act of 1940, particularly Sections 203 and 211 thereof, hereby adopts the following Rule R-203-2:

*Rule R-203-2. -- Adoption of Form 3-R for Application for Registration as an Investment Adviser Formed as a Successor to a Registered Investment Adviser.*

Form 3-R, entitled "Application for Registration of an Investment Adviser Formed as a Successor to a Registered Investment Adviser," is hereby prescribed as the application form for registration to be used by a person who, as successor, takes over substantially all of the assets of a registered investment adviser and continues its business as an investment adviser.

By the Commission.

(SEAL)

Francis P. Brassor,  
Secretary.

Effective March 7, 1942

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SECURITIES AND EXCHANGE COMMISSION  
PhiladelphiaTHE LIBRARY OF THE  
JUL 30 1942  
UNIVERSITY OF ILLINOISINVESTMENT ADVISERS ACT OF 1940  
Release No. 32

The Securities and Exchange Commission announced today that 732 investment advisers were registered under the Investment Advisers Act of 1940 as of June 30, 1942. This compares with 749 investment advisers registered at the close of August 1941.

The following tabulations show the investment advisers who have registered under the Investment Advisers Act, the investment advisers' registrations that have been terminated, and the changes in names of investment advisers since publication of the Investment Advisers Directory in August 1941 and June 30, 1942:

## REGISTERED 1/

Aikin, Edward E., Company 2146 Penobscot Building Detroit, Michigan	Clarke, John R. 810 South Spring St., Rm. 516 Los Angeles, California
Baker, Simonds & Co. 1132 Buhl Building Detroit, Michigan	Connell, William A. 303 Washington Terrace Audubon, New Jersey
Bartow, Charles S. 70 Pine Street New York, New York	Gilbert, Martin 1877 East 29th Street Brooklyn, New York
Burgess, Miles 84 William Street New York, New York	Goldsmith, F. N., Financial Service 24 Stone Street New York, New York
Burnet, W. E., & Co. 11 Wall Street New York, New York	Goodbody & Co. 115 Broadway New York, New York
Burnham, John P. Columbus Building Green Bay, Wisconsin	Gordon, Robert Percy Pere Marquette Building New Orleans, Louisiana
Buscher, Walter August 730 - 15th St., N. W. Washington, D. C.	Griffith, Frederick Oak Building Kansas City, Missouri
Cavenee, Clark M. 135 South LaSalle St. Chicago, Illinois	Gross, John H. Witherspoon Bldg. Walnut & Juniper Streets Philadelphia, Pennsylvania
	Hageman Corporation 60 East 42nd Street New York, New York

(Continued)

1/ This list does not include the names of any investment adviser registrations which were both effective and terminated between August 31, 1941 and June 30, 1942. Successor firms are not listed if there has been no change in the firm name.

Hall, Ervin L.  
20 Exchange Place  
New York, New York

Hatmaker, Paul  
Strasburg, Virginia

Hillstrom, Roy A.  
P. O. Box 500  
General Post Office  
New York, New York

Hobbs Cycle Timing  
200 Hall Avenue  
Syracuse, New York

Housley, Robert  
6521 Northumberland Street  
Squirrel Hill Station  
Pittsburgh, Pennsylvania

Hunter, Turrell & Dahl  
Russ Building  
San Francisco, California

Investment Engineering Corporation  
111 West Jackson Blvd.  
Chicago, Illinois

Investment Supervisors, Inc.  
227 United States National  
Bank Building  
Denver, Colorado

Jennys & Co., Incorporated  
342 Madison Ave.  
New York, New York

Jordan, Philip Harding  
Metedeconk, New Jersey

Kahn, Edgar M.  
207 Kohl Bldg.  
California and Montgomery Streets  
San Francisco, California

Kebbon, McCormick & Co.  
231 South LaSalle Street  
Chicago, Illinois

Koch, Spencer B., & Co.  
120 Broadway  
New York, New York

Koppe, Lloyd P.  
360 West Dudley Ave.  
Westfield, New Jersey

Langmuir, Dean  
90 Broad Street  
New York, New York

Lester & Co.  
621 South Spring Street  
Los Angeles, California

Martinez del Rio, Manuel  
Av. Cinco de Mayo No. 32 Desp. 316  
Mexico City, Mexico

McGuire, Hugh B., & Co.  
312 U. S. National Bank Bldg.  
Portland, Oregon

Miller & George  
15 Westminster Street  
Providence, Rhode Island

Minsch, Monell & Co., Inc.  
115 Broadway  
New York, New York

Moncreiff & Tittle  
105 South LaSalle Street  
Chicago, Illinois

Morgan, Rogers & Roberts, Inc.  
64 Wall Street  
New York, New York

New Burger & Hano  
1419 Walnut Street  
Philadelphia, Pennsylvania

Platt, Joseph C., 3rd  
650 Main Street  
Hartford, Connecticut

Pyne, Kendall & Hollister -  
Reynolds, Fish & Co.  
120 Broadway  
New York, New York

Radcliffe, Inc.  
1004 Baltimore Avenue  
Kansas City, Missouri

Rich, Robert 22 Beverly Place Edgewater, New Jersey	Stock Trend Service 307 Third National Bank Bldg. Springfield, Mass.
Riter & Co. 40 Wall St. New York, New York	Strickler, Guy F. 15 Westminster St. Providence, Rhode Island
Rivier, Raymond 67 Wall Street New York, New York	Strom, William T. 42 N. Main Street Dayton, Ohio
Robinson, Henry C., & Co., Inc. 68 Pearl Street Hartford, Connecticut	Townsend-Skinner & Co. 41 East 57th Street New York, New York
Roose, Louis Jules 44 Wall Street New York, New York	Trader Seipel 1873 Ford Blvd. Lincoln Park, Michigan
Samuel, Ralph E., & Company 115 Broadway New York, New York	Trend-O-Graph 311 West Broad Street Eaton Rapids, Michigan
Schirmer, Atherton & Co. 50 Congress Street Boston, Massachusetts	Van Alstyne, Noel & Co. 52 Broadway New York, New York
Schwabacher & Co. 600 Market Street San Francisco, California	Van Horn, Russell 1500 Walnut Street Philadelphia, Pennsylvania
Seidel, Morton, & Co. 458 South Spring Street Los Angeles, California	Viator, Common, Dann & Company 287 Main Street Buffalo, New York
Sepanek, Arthur H. 1042 Russ Building San Francisco, California	Viner, Edward A., & Company 149 Broadway New York, New York
Seward, Richard H. 605 Russ Building San Francisco, California	Weil & Arnold 1628 Canal Building New Orleans, Louisiana
Spitzer, Rudolph, Co. 73rd St. & Broadway Hotel Ansonia New York, New York	Wilcox, Woodford Lyman 10 Post Office Square Boston, Massachusetts
Stacey, Paul S., Dr. 111 Broadway New York, New York	Wilmans, John M., Company, Ltd. Russ Building San Francisco, California
Stearns, Linhart 341 Madison Ave. New York, New York	Wulff, Hansen & Co. 450 Russ Building San Francisco, California

TERMINATED 1/

Ainsworth, William Henry  
R. F. D. #2  
Lockport, New York

Champion, L. Stanley  
70 Pine Street  
New York, New York

Ainsworth's Financial Service  
Mason City, Illinois

Colgate, Jas. B., & Co.  
44 Wall Street  
New York, New York

Allen Management Corporation  
120 Broadway  
New York, New York

Cotton Advisory Bureau  
135-147 Edgewood Avenue  
Atlanta, Georgia

Armstrong, Lewis F.  
7055 Dartmouth Ave.  
University City, Missouri

Curtiss, George Warren  
115 Broadway  
New York, New York

Barrett, Julian N.  
433 Citizen's & Southern  
National Bank Building  
Atlanta, Georgia

Dee, A. R.  
6440 - 99th Street  
Forest Hills, New York

Eishop and Company  
1500 Walnut Street Building  
Philadelphia, Pennsylvania

Dyason, John  
20 Vesey St.  
New York, New York

Brown, Alex., & Sons, Investment  
Advisory Department  
135 East Baltimore Street  
Baltimore, Maryland

Dysart, Paul, & Associates  
#3 Maple Court  
Louisville, Kentucky

Brown, C. H., & Company, Inc.  
1506 Foshay Tower  
Minneapolis, Minnesota

Eckley, William L.  
Suite 704, 105 West Adams Street  
Chicago, Illinois

Brown, W. Barrett  
27 William Street  
New York, New York

Empire Service Company  
1835 Champa Street  
Denver, Colorado

Burgess Foundation  
84 William Street  
New York, New York

Evans Company, The  
Nilam Building  
San Antonio, Texas

Burnham & Hagan  
201 Columbus Building  
Green Bay, Wisconsin

Financial Service Guild, The  
39 Broadway  
New York, New York

Carter, William J.  
677 Roscoe Street  
Chicago, Illinois

Fiske & Scheyhing  
50 Pine Street  
New York, New York

(Continued)

1/ This list does not include the names of any investment adviser registrations which were both effective and terminated between August 31, 1941 and June 30, 1942. Successor firms are not listed if there has been no change in the firm name.

Funk, Norman 52 West 12th Street New York, New York	Holbrook Company, Inc., The 111 Devonshire Street Boston, Massachusetts
Garrison and Metzger, Inc. 214 First National Bank Building Denver, Colorado	Howe, Ernest Albert Room 510 280 Madison Avenue New York, New York
Glenny & Gordon Whitney Building New Orleans, Louisiana	Hunter, Phelps, and Associates Russ Building San Francisco, California
Goldsmith, F. N., Financial Service, Inc. 24 Stone St. New York, New York	Hunter, William T. Trust Company of Ga. Bldg. Atlanta, Georgia
Gowen, Horace Bradford 228 County Street Attleboro, Massachusetts	Industry & Security Survey Corporation 67 Broad Street New York, New York
Graef, Albert, Inc. 70 Pine Street New York, New York	Ingram, Scribner & Co. 206 Sansome Street San Francisco, California
Grant, Vernon, Jr. 202 K. P. Building Des Moines, Iowa	Investment Management Corp. c/o F. D. Gorsline, Room 1160 Field Building Chicago, Illinois
Hall, Lowell L. Room 2904 30 Broad Street New York, New York	Investment Research Corporation 320 North Fourth Street St. Louis, Missouri
Halsey, Andersen & Co. 111 Broadway New York, New York	Investor's Trend Analysis Co. 489 Fifth Avenue New York, New York
Harrison, Carter H., & Co. 209 South LaSalle Street Chicago, Illinois	Jaeger & Connell 303 Washington Terrace Audubon, New Jersey
Hicks, Edward Willis 41 Broad Street New York, New York	Jaeger, Edward V., Co., Inc. 100 Broadway New York, New York
Hinds, Harold W. 406 Lyman Ave., Govans Baltimore, Maryland	Johnson, Walter Robert 2933 Second Boulevard Detroit, Michigan
Hines, Frank T., Jr. 933 Tiverton Ave. West Los Angeles, California	Jones, James B., Jr. 14 Wall Street New York, New York

Jutte, Charles Brokaw  
Box 1442  
Oakland, California

Langmuir, Dean, Incorporated  
90 Broad Street  
New York, New York

Laufman, Charles Harry, Co.  
Russ Building  
235 Montgomery Street  
San Francisco, California

Lee, Robert Owen  
19 Congress Street  
Boston, Massachusetts

Lennon, Harry B.  
3800 Clay Street  
San Francisco, California

Lipkin, Lawrence  
11 West 42nd Street  
New York, New York

MacMahon, Andrew Merritt  
820 Union National Bank Bldg.  
Houston, Texas

Market Dynamics  
141 West Jackson Blvd.  
Chicago, Illinois

Market Statistics, Inc.  
1080 Sherman Street  
Denver, Colorado

Miller, King & Co.  
530 West Sixth Street  
Los Angeles, California

Minton, D. M.; & Co.  
111 Broadway  
New York, New York

Moncreiff, Tittle & Co.  
105 South LaSalle Street  
Chicago, Illinois

Newbold's, W. R., Son & Co.  
1517 Locust Street  
Philadelphia, Pennsylvania

Oyster, Seward, Sisson & Trowbridge  
605 Russ Building  
San Francisco, California

Rassieur, T. E., Trend Interpretation Service  
Continental Building  
3615 Olive Street  
St. Louis, Missouri

Russell, Edward Goetz  
231 South LaSalle Street  
Chicago, Illinois

Schaffer, John G.  
543 South Alexandria Avenue  
Los Angeles, California

Seelye Advisory Service  
30 Thayer St.  
Rochester, New York

Smiley, J. W.  
111-1/2 South Broadway  
Rochester, Minnesota

Specht Statistical Service  
80 Hanson Place  
Brooklyn, New York

Stanton, Llewellyn F.  
210 West Seventh Street  
Los Angeles, California

Stanwood, Wm. E.  
50 Congress Street  
Boston, Massachusetts

Statistical Library for Investment Research  
87 Fifth Avenue  
New York, New York

Stern, Wampler & Co., Inc.  
231 South LaSalle Street  
Chicago, Illinois

Stock Trading Guide  
443 Parsells Avenue  
Rochester, New York

Stock Trend Service, Inc.  
Hunter, New York

Strickler & Greenough  
15 Westminster Street  
Providence, Rhode Island

Syms, Alfred S.  
Room 626, 280 Broadway  
New York, New York

Townsend-Skinner & Company, Incorporated  
41 East 57th Street  
New York, New York

Tracy, Paul S., & Co.  
15 Equitable Building  
Denver, Colorado

Van Itallie, H. F.  
67 Wall Street  
New York, New York

Viator, Common & Company  
904 Marine Trust Building  
Main Street  
Buffalo, New York

Ward, Osgood & Park  
50 Congress Street  
Boston, Massachusetts

Webster, D. C., & Co., Inc.  
712 Loew Building  
Syracuse, New York

Williams & Southgate  
25 Broad Street  
New York, New York

Witter, Dean, & Co.  
45 Montgomery Street  
San Francisco, California

Wolf, Harry J.  
475 Fifth Avenue  
New York, New York

Young, Frank Howard  
637 North 12th Street  
Philadelphia, Pennsylvania

Zweers, John Bedeker  
First Trust Building  
Pasadena, California

CHANGE OF NAME

Emrich, George L., Jr.  
120 South LaSalle Street  
Chicago, Illinois

Formerly:  
George L. Emrich Jr., & Company

Investment Clinic, The  
49 Federal Street, Room 255  
Boston, Massachusetts

Formerly:  
George A. Parsons

Loomis, Fred P.  
1411 - 4th Ave. Bldg.  
Seattle, Washington

Formerly:  
Loomis and Ostrander

O'Melveny-Wagenseller & Durst, Inc.  
626 South Spring Street  
Los Angeles, California

Formerly:  
O'Melveny-Wagenseller & Durst

Stock Market Commentator  
821 National Press Building  
Washington, D. C.

Formerly:  
John Hall Allen  
220 East 42nd Street  
New York City

Towne, Templeton & Dobbrow, Inc.  
30 Rockefeller Plaza  
New York City

Formerly:  
George C. Towne & Company Incorporated

Wyeth & Co.  
647 South Spring Street  
Los Angeles, California

Formerly:  
Wyeth, Hass & Co.

SECURITIES AND EXCHANGE COMMISSION  
PhiladelphiaINVESTMENT ADVISERS ACT  
Release No. 33THE LIBRARY OF THE  
JUL 28 1942  
UNIVERSITY OF ILLINOIS

In the Matter of :  
AUGUSTUS P. LORING, JR. :  
File No. 802-6 : FINDINGS AND OPINION  
Investment Advisers Act of 1940 -- : OF THE COMMISSION  
Section 202 (a) (11) (F) :  
-----

## DEFINITION OF INVESTMENT ADVISER

EXCEPTED PERSONS -- INDIVIDUAL PRIMARILY ENGAGED IN BUSINESS AS  
PROFESSIONAL TRUSTEE.

An individual who is primarily engaged in the business of acting as professional trustee under judicial appointments, appointments under trust indentures or pursuant to powers of attorney, who derives most of his income from acting as trustee under judicial appointments and under irrevocable trust indentures, who manages and administers personal property and real property in addition to the supervision of securities, and who does not hold himself out as giving advice to others as to securities, held, not an investment adviser within the intent of Section 202 (a) (11) of the Investment Advisers Act of 1940.

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## APPEARANCES:

Frances D. Lesser, for the Investment Company Division of the Commission.

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Augustus P. Loring, Jr. has filed an application with the Commission pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940 for an order declaring applicant not to be an investment adviser within the intent of Section 202 (a) (11) of the Act. 1/

After appropriate notice, a public hearing was held on the application before a trial examiner designated by the Commission. The Commission, having considered the record, makes the following findings:

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1/ Section 202 (a) (11) reads:

"'Investment adviser' means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities; but does not include (A) a bank, or any holding company affiliate, as defined in the Banking Act of 1933, which is not an investment company; (B) any lawyer, accountant, engineer, or teacher whose performance of such services is solely incidental to the

(Continued)

Applicant is a resident of Massachusetts and maintains an office in Boston. Applicant does business as an individual and is primarily engaged in the business of acting as professional trustee. The functions of a professional trustee consist of the administration of trusts and estates and of the preservation and management of property of others either under court appointment, appointment under trust indentures, or under powers of attorney. The activities of the professional trustee have been accepted in Boston and its vicinity as well recognized form of professional occupation. For several generations, lawyers and other persons have specialized in this type of practice. 2/

Most of applicant's business consists of acting as a court fiduciary, i.e., trustee, guardian, conservator, or executor under wills or other instruments filed with and under the supervision of the courts. As a court fiduciary, applicant is required to give bond upon acceptance of each trust in an amount sufficient to protect the property and is discharged from his liability thereon only upon the filing of his accounts and the allowance thereof. Applicant also acts as trustee of real estate trusts and as trustee under other indentures not subject to court supervision. In certain instances, applicant also acts under a general power of attorney. 3/

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1 Cont'd./ practice of his profession; (C) any broker or dealer whose performance of such services is solely incidental to the conduct of his business as a broker or dealer and who receives no special compensation therefor; (D) the publisher of any bona fide newspaper, news magazine or business or financial publication of general and regular circulation; (E) any person whose advice, analyses, or reports relate to no securities other than securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States, or securities issued or guaranteed by corporations in which the United States has a direct or indirect interest which shall have been designated by the Secretary of the Treasury, pursuant to Section 3 (a) (12) of the Securities Exchange Act of 1934, as exempted securities for the purposes of that Act; or (F) such other persons not within the intent of this paragraph, as the Commission may designate by rules and regulations or order."

2/ Although applicant is not a member of the bar, he avers that he has studied law and has been closely associated with the practice of law.

3/ Of the 109 appointments under which applicant acts, 75 are by court appointment or under irrevocable indentures, 7 are under revocable indentures, and 27 are under powers of attorney. 92 of these appointments involve exclusively the care and custody of personal property, 12 involve both the care and custody of personal property and the care and management of real property, and 5 involve primarily the care and management of real property.

Of the total value of the property which applicant administers under these appointments, 78% is administered under court appointments or irrevocable indentures, and 22% is administered under revocable indentures or powers of attorney. These percentages are based on the "known book value" of the property as distinguished from the "present market value." Applicant states that, in many cases, it is difficult or impossible to obtain the "present market value" of the property.

For a period of approximately three years, 68% of applicant's earned income was received for services performed in the administration of trusts and estates under court appointments or irrevocable indentures, and 13% was received for services rendered under powers of attorney or revocable indentures. 4/

Applicant administers both personal property and real property. Where applicant acts with regard to personal property as trustee, executor, or administrator under court appointment, he holds legal title to the property and acts as principal. When applicant acts as guardian or conservator under court appointment, securities and bank accounts are also carried in his name as such although he may not have legal title. Applicant's services under these appointments are not limited to supervision of investments but include all other services ordinarily incident to the ownership and management of property. 5/ Likewise, when applicant acts with regard to real property whether under court appointment or under an indenture, he acts as principal. Title to the real property is in his name, and his duties include all services ordinarily incident to ownership and management of such property. Where the applicant acts under power of attorney, he has full control over the property in question and performs duties substantially similar to those performed as trustee. It is important to note that applicant's activities under powers of attorney constitute only a minor part of his business and are, in effect, incidental to his business of acting as trustee.

Applicant does not solicit business either as court fiduciary or under powers of attorney. He does not hold himself out as being engaged in the business of giving advice to others as to securities. Any advice given by applicant to others as to securities is solely incidental to his activity as professional trustee.

On the basis of the record before us we find, and an order will issue declaring, that applicant is not an investment adviser within the intent of Section 202 (a) (11) of the Act. Such order will not relieve applicant from the operation of the Act if, at any time, the facts recited above are materially changed.

) An appropriate order will issue.

By the Commission (Chairman Purcell and Commissioners Healy, Pike, Burke, and O'Brien).

Orval L. DuBois,  
Secretary.

(SEAL)

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4/ In cases in which applicant acts as trustee under court appointment, he receives such compensation as the court may allow. The usual commission allowed by courts in Massachusetts is 6% of income, payable annually. In addition, he is allowed a commission of 2% of the assets of the trust upon its distribution. Where applicant acts under indentures, he is compensated in accordance with the terms of the indenture, usually at the rate of 6% of income. Applicant's compensation for services under powers of attorney is computed on the same basis as though he were a trustee appointed by the court, except that no charge is made on the distribution or return of the property.

5/ When applicant acts as trustee under indentures involving primarily personal property, his duties and services are similar to those rendered under court appointments.

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission held  
at its office in the City of Philadelphia, Pennsylvania,  
on the 20th day of July, A. D., 1942.

In the Matter of :

AUGUSTUS P. LORING, JR. :

File No. 802-6 :

Investment Advisers Act of 1940 -- :

Section 202 (a) (11) (F) :

FINDINGS AND ORDER  
DECLARING APPLICANT  
NOT TO BE INVESTMENT  
ADVISER

Augustus P. Loring, Jr., having filed an application pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940 for an order of the Commission declaring applicant not to be an investment adviser within the intent of Section 202 (a) (11) of the Act;

A public hearing having been held after appropriate notice; the Commission having examined the record and having this day made its findings in the matter;

IT IS HEREBY ORDERED, on the basis of said findings, that applicant is not an investment adviser within the intent of Section 202 (a) (11) of the Act, provided that this order will not relieve the applicant from the operation of the Act if, at any time, the facts disclosed in said findings should become materially changed.

By the Commission.

(SEAL)

Orval L. DuBois,  
Secretary.

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For IMMEDIATE Release Monday, August 24, 1942

SECURITIES AND EXCHANGE COMMISSION  
Philadelphia

INVESTMENT ADVISERS ACT OF 1940  
Release No. 34

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Philadelphia, Pennsylvania,  
on the 20th day of August, A. D., 1942.

In the Matter of : ORDER FOR PROCEEDINGS AND NOTICE OF HEARING  
PETROLEUM INFORMATION : ON THE QUESTION OF REVOCATION, SUSPENSION, OR  
SERVICE, INC. : CANCELLATION OF REGISTRATION, PURSUANT TO SEC-  
11 East 44th Street : TIONS 203 (d) AND 203 (g) OF THE INVESTMENT  
New York City : ADVISERS ACT OF 1940.

I.

The Commission's public official files disclose that:

(a) Petroleum Information Service, Inc. (hereinafter referred to as "respondent"), a New York corporation, is and continuously since December 15, 1940, has been registered as an investment adviser pursuant to Section 203 (c) of the Investment Advisers Act of 1940 and the Rules and Regulations promulgated by the Commission thereunder;

(b) William E. Housel, 97 Washington Street and P. O. Box 147, South Norwalk, Connecticut, is and continuously since December 15, 1940, has been president, a director, and a controlling person of respondent;

(c) On March 26, 1942, the Commission, acting pursuant to Section 13 (b) of the Securities Exchange Act of 1934, found that said William E. Housel had wilfully violated Section 17 (a) of the Securities Act of 1933, Section 15 (c) (1) of the Securities Exchange Act of 1934 and Rule X-15C1-2 thereunder, and revoked the registration of said William E. Housel as an over-the-counter broker and dealer.

II.

Members of its staff have reported to the Commission information which tends to show that:

(a) Said William E. Housel is permanently enjoined by an order of the Supreme Court of the State of New York, in and for the County of New York, entered on February 19, 1942, from engaging in certain conduct and practices in connection with the purchase and sale of securities;

(b) Respondent has been dissolved in accordance with the laws of the State of New York and is no longer engaged in business as an investment adviser.

III.

The information set forth in paragraphs I and II hereof tends, if true, to show that:

(a) Said William E. Housel is an officer, director and controlling person of respondent, and is permanently or temporarily enjoined by an order, judgement, or decree of a court of competent jurisdiction from acting as an investment adviser, underwriter, broker, or dealer, or as an affiliated person or employee of an investment company, bank, or insurance company, or from engaging in or continuing any conduct or practice in connection with one or more of such activities or in connection with the purchase or sale of securities, as set forth in Section 203 (d) (2) of the Investment Advisers Act of 1940; and

(b) Pursuant to Section 203 (d) of the Investment Advisers Act of 1940, revocation or suspension of the registration of respondent as an investment adviser may be in the public interest; or

(c) Pursuant to Section 203 (g) of the Investment Advisers Act of 1940, the Commission should cancel the registration of said respondent as an investment adviser.

IV.

The Commission, having considered such information, deems it necessary and appropriate in the public interest that proceedings be instituted to determine;

(a) Whether the statements set forth in paragraphs I and II hereof are true;

(b) Whether, pursuant to Section 203 (d) of the Investment Advisers Act of 1940, it is in the public interest to revoke or suspend the registration of the respondent; or

(c) Whether, pursuant to Section 203 (g) of the said Act, the Commission should cancel the registration of the respondent as an investment adviser.

IT IS HEREBY ORDERED that a hearing for the purpose of taking evidence on the questions set forth in paragraph IV hereof be held at 10:00 A.M. on September 2, 1942, at the New York Regional Office of the Securities and Exchange Commission, 120 Broadway, New York City, and thereafter at such times and places as the officer hereinafter designated to conduct such hearing may determine and Adrian C. Rumphreys is hereby designated as the officer of the Commission to conduct such hearing and, pursuant to Section 209 (b) of the Investment Advisers Act of 1940, is hereby authorized to administer oaths and affirmations, subpna witnesses, to compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, contracts, agreements, or other records deemed relevant or material to matters in issue at said hearing and to perform all other duties in connection therewith as authorized by law.

IT IS FURTHER ORDERED that this order and notice be served on respondent personally or by registered mail not less than seven (7) days prior to the time of hearing.

Upon completion of the taking of evidence in this matter, the officer conducting said hearing is directed to conclude said hearing, make his report to the Commission, and to transmit same, with a record of the hearing, to the Commission.

By the Commission.

(SEAL)

Orval L. DuBois,  
Secretary.

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**SECURITIES AND EXCHANGE COMMISSION**  
**Philadelphia**

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 SECURITIES AND EXCHANGE COMMISSION

U.S. GOVERNMENT PRINTING OFFICE 1943

INVESTMENT ADVISERS ACT OF 1940  
 Release No. 35

In the Matter of	:	
	:	
PETROLEUM INFORMATION SERVICE, Inc.	:	
11 East 44th Street	:	FINDINGS AND ORDER
New York, New York	:	REVOKING REGISTRATION
	:	AS AN INVESTMENT ADVISER
Investment Advisers Act of 1940 -	:	
Sections 203 (d) and 203 (g)	:	

1. Petroleum Information Service, Inc., a New York Corporation, herein-after called registrant, is registered with this Commission as an investment adviser under Section 203 (c) of the Investment Advisers Act of 1940. Since December 15, 1940 William E. Housel has been president, a director, and controlling person of registrant. On March 26, 1942 the Commission revoked the registration of Housel as a broker and dealer, having found that he had willfully violated the provisions of Section 17 (a) of the Securities Act of 1933, Section 15 (c) (1) of the Securities Exchange Act of 1934 and Rule X-15C1-2 thereunder.

2. On August 24, 1942 we instituted proceedings under Sections 203 (d) 1 and 203 (g), 2, respectively, of the Act to determine whether registrant's registration as an investment adviser should be suspended, revoked, or

1/ Section 203 (d) provides that "the Commission after hearing may by order... revoke or suspend the registration of an applicant under this section, if the Commission finds that such...revocation, or suspension is in the public interest and that such investment adviser or any partner, officer, director, person performing similar function, or controlling person thereof --

(1) within ten years of the issuance of such order, has been convicted of any felony or misdemeanor involving the purchase or sale of any security or arising out of any conduct or practice of such investment adviser or affiliated person as an investment adviser, underwriter, broker, or dealer, or as an affiliated person or employee of any investment company, bank, or insurance company;

(2) at the time of the issuance of such order, is permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction from acting as an investment adviser, underwriter, broker, or dealer, or as an affiliated person or employee of any investment company, bank, or insurance company, or from engaging in or continuing any conduct or practice in connection with any such activity or in connection with the purchase or sale of any security.

(3) has violated the provisions of Section 207 of this title."

2/ Section 203 (g) provides with reference to cancellation proceedings that "if the Commission finds that any person registered under this section, or who has pending an application for registration filed under this section, is no longer in business or is not engaged in business as an investment adviser, the Commission shall by order cancel the registration of such person."

cancelled. The order for proceedings stated that information had been reported to the Commission by members of its staff which, if true, tended to show that: (a) Housel is permanently enjoined by an order of the Supreme Court of the State of New York, in and for the County of New York, entered on February 19, 1942, from engaging in certain conduct and practices in connection with the purchase and sale of securities; and

(b) Registrant has been dissolved in accordance with the laws of the State of New York and is no longer engaged in business as an investment adviser.

3. After appropriate notice, a hearing was held before the trial examiner on September 2, 1942. The registrant did not appear in person or by counsel.

The record shows, and we find that an injunction was entered against William E. Housel, president of the registrant, at Special Term, Part 2, of the Supreme Court of the State of New York held in the County of New York on February 17, 1942. By judgment of said court Housel was "permanently enjoined and restrained from the issuance of, offering for sale, sale, promotion, negotiation, advertisement and distribution, within and from the State of New York, of any stocks, bonds, notes, evidences of interest or indebtedness, including oil and mineral deeds or leases or any interest therein sold or transferred in whole or in part to the purchaser, where the same do not effect a transfer of the title in fee to the land or other securities, issued, and which may hereafter be issued, of any person, partnership, corporation, company, trust or association, and from any act in aid or furtherance of the same;"

It further appears and we find that registrant has been dissolved and is no longer engaged in business as an investment adviser. It does not appear from the record whether or not the dissolution may be set aside under state law and the registrant thereby regain its corporate status.

4. Because of the nature of the injunction issued against registrant's chief officer and controlling person and in the absence of any proffer of mitigating circumstances, we find that revocation of registrant's registration as an investment adviser is in the public interest. Accordingly,

IT IS ORDERED, pursuant to Section 203 (d) of the Investment Advisers Act of 1940, that the registration of Petroleum Information Service, Inc., as an investment adviser, be and it hereby is revoked.

By the Commission (Chairman Purcell and Commissioners Healy, Burke, and O'Brien), Commissioners Pike being absent and not participating.

Orval L. DuBois,  
(SEAL) Secretary.

January 2, 1943.

For Release in MORNING Newspaper, Tuesday, January 5, 1943

SECURITIES AND EXCHANGE COMMISSION  
Philadelphia

INVESTMENT ADVISERS ACT OF 1940  
Release No. 36

The Securities and Exchange Commission today announced the adoption of a rule under the Investment Advisers Act of 1940 designed to clarify and to make more specific the procedure for withdrawal from registration by an investment adviser.

The new rule, designated as Rule R-203-3, provides that a notice of withdrawal from registration as an investment adviser under Section 203 (g) of the Investment Advisers Act shall ordinarily take effect on the thirtieth day after its filing with the Commission. Prior to the effective date of withdrawal, however, the Commission may institute a revocation or suspension proceeding against the investment adviser who filed such a notice, or a proceeding to impose terms and conditions upon withdrawal, in which event the notice to withdraw shall become effective only if the Commission so determines and upon such date and upon such terms and conditions as the Commission finds necessary in the public interest.

The text of the Commission's action follows:

The Securities Exchange Commission deeming it necessary for the exercise of the functions vested in it and necessary and appropriate in the public interest for the protection of investors so to do, pursuant to authority conferred upon it by the Investment Advisers Act of 1940, particularly Sections 203 (g) and 211 (a) thereof, hereby adopts the following rule:

Rule R-203-3      *Withdrawal from Registration*

If a notice to withdraw from registration is filed by an investment adviser pursuant to Section 203 (g), it shall become effective on the thirtieth day after the filing thereof with the Commission unless, prior to its effective date, the Commission institutes a proceeding pursuant to Section 203 (d) to revoke or suspend the registration of such investment adviser or a proceeding under Section 203 (g) to impose terms and conditions upon such withdrawal. If the Commission institutes such a proceeding, or if a notice to withdraw from registration is filed with the Commission at any time subsequent to the date of the issuance of a Commission order instituting proceedings pursuant to Sections 203 (d) or (g) with respect to an investment adviser filing such notice, and during the pendency of such a proceeding, the notice to withdraw shall not become effective except at such time and upon such terms and conditions as the Commission finds necessary in the public interest or for the protection of investors.

Effective January 5, 1943

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SECURITIES AND EXCHANGE COMMISSION  
Philadelphia

INVESTMENT ADVISERS ACT  
Release No. 37

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UNITED STATES OF AMERICA

BEFORE THE SECURITIES AND EXCHANGE COMMISSION

UNIVERSITY OF ILLINOIS

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Philadelphia, Pennsylvania,  
on the 6th day of July, A. D., 1943.

In the Matter of

FRANCES J. LUBBE	:
509 Western Catholic Union Bldg.	:
Quincy, Illinois	:
Investment Advisers Act of 1940 -	:
Section 203 (d)	:

FINDINGS AND ORDER  
REVOKING REGISTRATION

1. Frances J. Lubbe, the respondent herein, is registered as an investment adviser under Section 203 (c) of the Investment Advisers Act of 1940.

2. The Commission instituted a proceeding under Section 203 (d) of said Act to determine whether or not the registration of the respondent as an investment adviser should be revoked or suspended.

3. The respondent has admitted the facts set forth in the order for hearing and has consented to the revocation of her registration.

4. On the basis of the admissions of the respondent, the Commission finds:

(a) The respondent is permanently enjoined by a decree of the District Court for the Southern District of Illinois, entered on or about March 13, 1943, from engaging in or continuing certain conduct and practices in connection with her activities as an investment adviser and in connection with the purchase and sale of securities.

(b) The respondent willfully made untrue statements of material facts in her registration application and reports filed under Sections 203 and 204 of said Act, and willfully omitted to state therein material facts required to be stated therein.

5. The Commission further finds that the respondent has violated Section 207 of said Act and that it is in the public interest to revoke her registration as an investment adviser. Accordingly, it is

ORDERED that the registration of Frances J. Lubbe as an investment adviser be and it hereby is revoked.

By the Commission.

Orval L. DuBois,  
Secretary.

(SEAL)



IN  
5.1 For Release in MORNING Newspapers of Monday, July 12, 1943

SECURITIES AND EXCHANGE COMMISSION  
Philadelphia

THE LIBRARY OF THE

INVESTMENT ADVISERS ACT  
Release No. 38

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Philadelphia, Pa.,  
on the 9th day of July, A. D., 1943.

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In the Matter of :  
:  
SHATTUCK & BROOKS :  
:  
File No. 802-5 :  
:  
Investment Advisers Act of 1940 - :  
Section 202 (a) (11) (F) : -

ORDER PERMITTING  
WITHDRAWAL OF  
APPLICATION

Henry Lee Shattuck and Edwin Deering Brooks, Jr. having filed an application pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940 for an order declaring that each of them and the partnership of Shattuck & Brooks are not investment advisers within the intent of Section 202 (a) (11) of the Act;

A hearing having been held on said application;

The Commission having been advised thereafter that Edwin Deering Brooks, Jr. and the partnership of Shattuck & Brooks are no longer engaged in the activities described in said application;

Henry Lee Shattuck having filed an application pursuant to Section 203 (c) of the Act for registration as an investment adviser; and

The applicants having requested that their application pursuant to Section 202 (a) (11) (F) of the Act be withdrawn;

IT IS ORDERED that the applicants be and they hereby are permitted to withdraw said application.

By the Commission.

(SEAL)

Orval L. DuBois,  
Secretary.



For Release in AFTERNOON Newspapers of Wednesday, Jan. 31, 1945

SECURITIES AND EXCHANGE COMMISSION  
Philadelphia

INVESTMENT ADVISERS ACT OF 1940  
Release No. 39

THE LIBRARY OF THE  
SECURITIES AND EXCHANGE COMMISSION

FEB 7 1945

The Securities and Exchange Commission today announced that it had submitted to Congress a report containing recommendations for amendment of the Investment Advisers Act of 1940. The report illustrates by case histories the type of fraud in which certain unscrupulous investment advisers have been able to engage without detection, principally because the Act does not authorize the Commission to inspect the books and records of investment advisers. The report accordingly recommends the amendment of Section 204 to require all investment advisers whose business involves use of the mails or any instrumentality of interstate commerce to keep books and records which would be subject to reasonable periodic inspection or examination by the Commission.

The report proposes certain other amendments to the Act which the Commission feels are necessary if the Act is to be properly enforced. It is recommended that Section 205 of the Act be amended to provide that the contracts of registered investment advisers with their clients be in writing; that the fraud provisions of Section 206 be made applicable to any investment adviser who uses the mails or any instrumentality of interstate commerce, and not merely to those who are registered; and that Section 208 be amended to prohibit any registered investment adviser from having custody of any securities or funds of clients unless his registration application discloses that he has or may have such custody.

The text of Chairman Ganson Purcell's letter to Congress follows:

"There is submitted herewith a report of this Commission containing certain recommendations for amendment of the Investment Advisers Act of 1940. The Commission was assisted in the preparation of the report by the Trading and Exchange Division, of which Mr. James A. Tre nor, Jr., is Director.

"Our experience in the administration of this Act over the past four years impels the conclusion that it cannot be effectively enforced in its present form. The cases of Robert J. Boltz and Albert K. Atkinson, outlined in the report, illustrate the type of fraudulent activities in which certain unscrupulous investment advisers are able to engage at present without affording this Commission the slightest overt evidence of their occurrence. We are unable to detect or prevent such activities principally because we lack the power to inspect the books and records of investment advisers--a power which we have in the case of brokers and dealers under the Securities Exchange Act of 1934.

"To remedy this signal weakness as well as other related weaknesses in the Act which are described in the report, the Commission submits the attached recommendations for your examination and consideration.

"We believe that this is a particularly appropriate time for adoption of the suggested amendments. If the experience of World War I is any guide, many persons will be solicited when this war ends to buy corporate securities with their excess cash and with the proceeds of their matured or redeemed bonds. Moreover, a marked increase in securities trading by uninformed and inexperienced investors will probably occur. While we trust that investment advisers generally will offer a guiding and helpful hand to these novices, our experience warns us that some advisers may avail themselves of this opportunity for exploitation of the gullible.

"The report does not intend to cast reflection upon investment advisers generally. On the other hand we believe that the Boltz and Atkinson cases may not be disregarded and the assumption indulged in that similar situations will not occur.

"We wish to emphasize that the proposals mentioned in the report are limited to those which we believe are most urgently necessary for the protection of the funds and securities of the clients of certain investment advisers.

"It should be added that the questions in this field with which the Commission is concerned have been discussed with Mr. Robert G. Page, attorney for the Association of Investment Counsellors. Although the representatives of the industry recognize the problem and have been very cooperative in discussions concerning it, no agreement has been reached with them concerning the manner in which the necessary protection can be afforded."

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For IMMEDIATE Release Monday, February 5, 1945

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## UNION

SECURITIES AND EXCHANGE COMMISSION  
Philadelphia

INVESTMENT ADVISERS ACT OF 1940

Release No. 4012

SECURITIES EXCHANGE ACT OF 1934

Release No. 3653

SECURITIES ACT OF 1933

Release No. 3043

THE JOURNAL OF

UNIVERSITY OF ILLINOIS

The Securities and Exchange Commission today made public an opinion by James A. Treanor, Jr., Director of its Trading and Exchange Division, to the effect that it is unlawful for an investment adviser (whether or not registered under the Investment Advisers Act) to effect a transaction with or for a client, either as a principal or as a broker for another person, unless he obtains the client's consent on the basis of full disclosure of any adverse interest he may have. This disclosure, the opinion states, must include a statement of the capacity in which the investment adviser proposes to act, the cost of the security to the investment adviser where he proposes to sell, and the best price at which the transaction could be effected by or for the client elsewhere if such price is more advantageous to the client than the actual purchase or sale price. The opinion states further that (except where no advice is rendered as to the particular transaction) the Investment Advisers Act requires in the case of a registered investment adviser that the disclosure of capacity be given in writing and the client's consent obtained before the completion of each transaction of the types in question.

The text of the opinion follows:

"The question has been presented whether it is permissible for an investment adviser to sell a security to or buy a security from a client. You ask also what disclosure is necessary if such a transaction is permissible.

"Section 206 of the Investment Advisers Act of 1940 provides:

"!It shall be unlawful for any investment adviser registered under section 203, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly--

(1) to employ any device, scheme, or artifice to defraud any client or prospective client;

(2) to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client;

(3) acting as principal for his own account, knowingly to sell any security to or purchase any security from a client, or acting as broker for a person other than such client, knowingly to effect any sale or purchase of any security for the account of such client.

without disclosing to such client in writing before the completion of such transaction the capacity in which he is acting and obtaining the consent of the client to such transaction. The prohibitions of this paragraph (3) shall not apply to any transaction with a customer of a broker or dealer if such broker or dealer is not acting as an investment adviser in relation to such transaction.'

"An investment adviser is a fiduciary. As such he is required by the common law to serve the interests of his client with undivided loyalty. In my opinion a breach of this duty may constitute a fraud within the meaning of clauses (1) and (2) of Section 206 of the Investment Advisers Act (as well as the anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934).

"It follows that an investment adviser may not effect a transaction as principal with a client unless he obtains the client's consent to the transaction after fully disclosing any adverse interest he may have, together with any other information in his possession which the client should possess in order to determine whether he should enter into the transaction. The disclosure should include, as a minimum, (a) the capacity in which the investment adviser proposes to act, (b) the cost to the adviser of any security which he proposes to sell to his client (or, if he proposes to buy a security from his client and knows or is reasonably certain of the price at which it is to be resold, a statement of that price), and (c) the best price at which the transaction could be effected by or for the client elsewhere if such price is more advantageous to the client than the actual purchase or sale price. Moreover, any disclosure of the cost to the investment adviser (or the price he expects to receive on resale) should be so phrased that its full import is obvious to the client. The disclosure should include a statement of the total amount of the cost or resale price (or the total profit) in dollars and cents; it would not suffice, in my opinion, merely to express a formula by which those amounts may be computed, or to limit the disclosure to a percentage figure or to a maximum number of points or dollars per share or bond.

"What has been said thus far is not limited to investment advisers who are registered under the Investment Advisers Act. Although Section 206 of that Act applies only to registered investment advisers, the over-all effect of the anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 is to cover any transaction in a security by any person where use is made of the mails or of some means or instrumentality of interstate commerce. Consequently, investment advisers who are exempted from registration by one of the clauses of Section 203 (b) of the Investment Advisers Act are nevertheless subject to the anti-fraud provisions of the 1933 and 1934 Acts when, notwithstanding their fiduciary status, they seek to deal with clients on a principal basis.

"It is not essential that the disclosure of adverse interest be in writing so far as clauses (1) and (2) of Section 206 of the Investment Advisers Act, as well as the anti-fraud provisions of the 1933 and 1934 Acts, are concerned. However, aside from the general requirement of full disclosure and consent imposed by these provisions, clause (3) of Section 206 of the Investment Advisers Act, which applies only to registered investment advisers, requires specifically that the disclosure of the capacity in which the investment adviser is acting be given in writing and the client's consent obtained before the completion of the transaction. In my opinion the requirements of written disclosure and of consent contained in this clause must be satisfied before the completion of each separate transaction. A blanket disclosure and consent in a general agreement between investment adviser and client would not suffice.

"It will be noted that the specific provisions of clause (3) of Section 206 do not apply 'to any transaction with a customer of a broker or dealer if such broker or dealer is not acting as an investment adviser in relation to such transaction.' 1/ Whether an investment adviser is subject to the duties of a fiduciary under clauses (1) and (2) (and under the anti-fraud provisions of the 1933 and 1934 Acts) in respect of such a transaction depends on all the facts (including the type of general investment advice rendered) in each case.

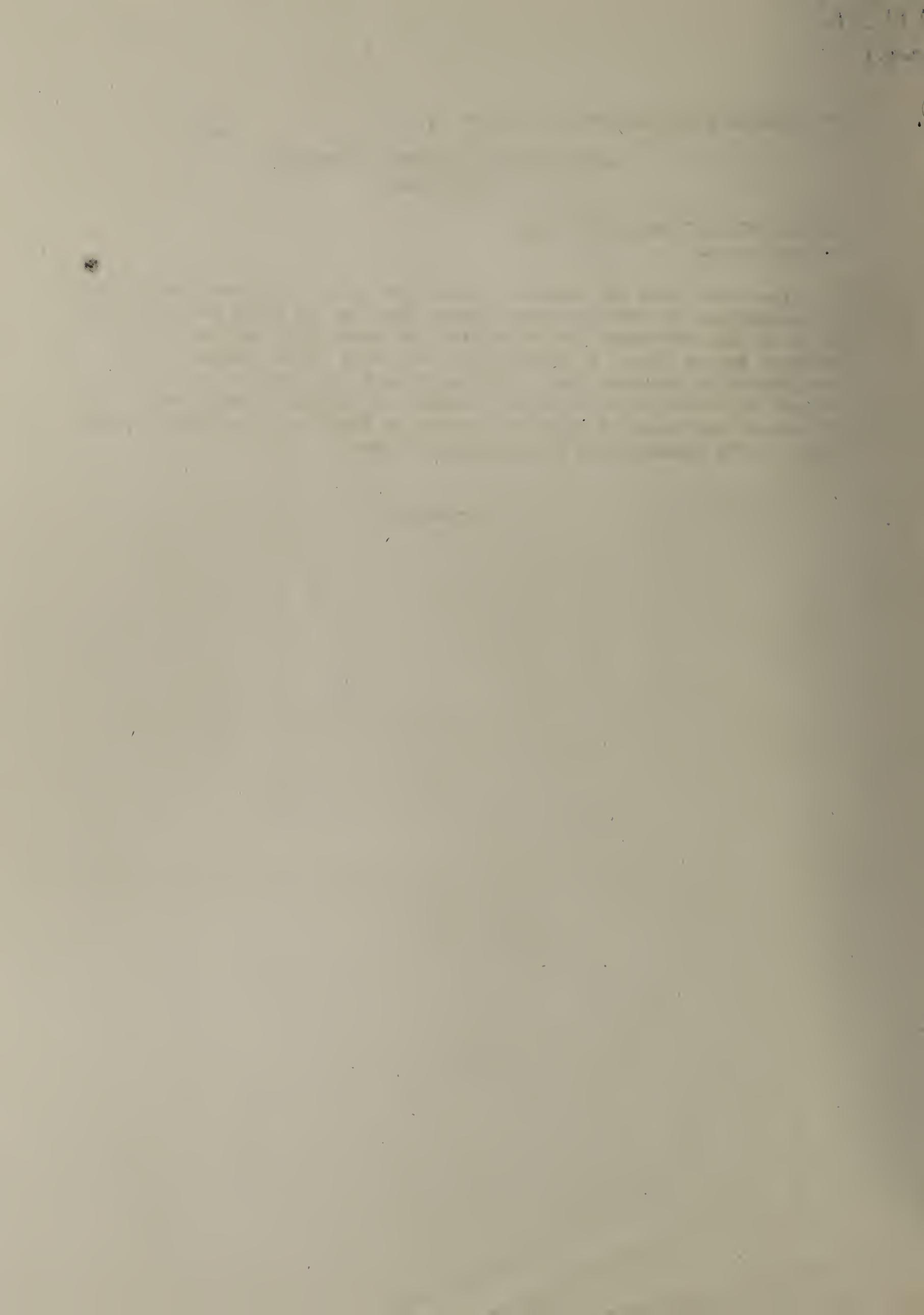
"Everything which has been said thus far with respect to a transaction in which an investment adviser buys or sells for his own account as principal applies equally to a transaction for the account of a client in which the investment adviser acts as a broker for some other person. In such a transaction, of course, it is the investment adviser's total commission which must be disclosed in dollars and cents.

"Finally, it must be borne in mind that this opinion is limited to the requirements of federal law. I can express no opinion as to the applicable state law. It is clear, however, that investment advisers, in addition to complying with the federal law, are subject to whatever restrictions or requirements the common law or statutes of the particular state impose with respect to dealings between persons in a fiduciary relationship."

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1/ In any event, of course, Section 15 (c) (1) of the Securities Exchange Act of 1934 and the Commission's Rule X-15C1-4 thereunder require every broker or dealer to give his customer written notification of his capacity "at or before" the completion of each transaction.



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For IMMEDIATE Release Wednesday, September 4, 1946

SECURITIES AND EXCHANGE COMMISSION  
Philadelphia

INVESTMENT ADVISERS ACT OF 1940  
Release No. 45

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UNIVERSITY OF ILLINOIS

In the Matter of	:	
MARINE MIDLAND GROUP, INC.	:	
File No. 802-7-1	:	
Investment Advisers Act of 1940	:	FINDINGS AND
Section 202 (a) (11) (F)	:	OPINION OF THE
	:	COMMISSION

DEFINITION OF INVESTMENT ADVISER

Application for order pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940 designating applicant not to be within the intent of Section 202 (a) (11) of the Act granted for a period of one year, the Commission finding that data upon which a permanent order could be based are at present unavailable.

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APPEARANCES:

Kenefick, Cooke, Mitchell, Bass & Letchworth, of Buffalo, New York, for the applicant.

Alexander E. Lipkin for the Trading and Exchange Division of the Commission.

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Marine Midland Group, Inc. ("Marine") on July 22, 1946, applied pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940 for an order declaring it not to be an "investment adviser" within the intent of Section 202 (a) (11) of the Act. 1/ After appropriate notice a hearing was held before a trial examiner.

1/ Section 202 (a) (11) reads in part as follows:

"'Investment adviser' means 'any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities; but does not include (A) a bank, or any holding company affiliate, as defined in the Banking Act of 1933, which is not an investment company; . . . or (F) such other persons not within the intent of this paragraph, as the Commission may designate by rules and regulations or order."

On November 1, 1940, a similar application by Marine was granted by the Commission with the proviso (which would have been implicit in any event) that the order then entered should not relieve the applicant from the operation of the Act if at any time the facts upon which the order was based should become materially changed. These facts were set forth in our opinion (Investment Advisers Act Release No. 5) as follows:

"Marine Midland Group, Inc., hereinafter referred to as 'applicant,' is a New York corporation having an authorized capital stock of 2,000 shares, of which only 78 are issued and outstanding. These 78 shares are beneficially owned by a group of 20 banks and trust companies, all of which are controlled through stock ownership by Marine Midland Corporation, a holding company affiliate of the applicant within the definition of the Banking Act of 1933. Applicant furnishes its services exclusively to the 20 banks and trust companies which own its stock. These services consist of supervision and advice in connection with the banking business of the 20 banks and trust companies, including among other things credit and loan information, trust department practice, standardization of the operations and forms, advertising and new business, and bonds, investments, and statistics. The services are performed pursuant to contract whereby the entire cost of the applicant's operations is allocated among and paid by its stockholders, ratably in accordance with the average amount of their respective deposits.

"Applicant and all the banks and trust companies to which it renders services are, equally with Marine Midland Corporation, subject to the supervision of the Board of Governors of the Federal Reserve System and of the Comptroller of the Currency and to other provisions of the Banking Act of 1933. As indicated above, applicant performs services exclusively for the benefit of the 20 banks and trust companies which together beneficially own all of its outstanding stock and does not render any services whatsoever, investment advisory or otherwise, to the public."

The recitations in the present application indicate various changes in these facts. 2/ The major change, and the one which requires a reconsideration of our exemptive order of November 1, 1940, is a proposal by Marine under which it would assist the banks in furnishing their individual customers with investment advice.

The applicant has heretofore been advising the various banks and trust companies in question with respect to their investments as trustees as distinct from their customers' investments. Its application states that, as a natural outgrowth of the activities of the trust departments of some of the banks, a demand has arisen among customers for investment advice concerning their individual securities, particularly those which have been placed in the custody of the banks. The applicant, whose principal office is in Buffalo, New York, proposes to assist the banks in furnishing their customers with such advice through an investment advisory staff to be set up in New York City. The financial arrangements between the applicant and

2/ One is a reduction in the number of shares of the applicant's stock outstanding from 78 to 20. All the outstanding shares, however, are still beneficially owned by the same group of 20 banks and trust companies.

the banks would be the same as at present; the cost of all the applicant's operations would continue to be allocated ratably among the banks and trust companies. The individual banks would enter into investment advisory contracts with their individual customers and would receive the full fees thereunder.

The application states that Marine, as in the past, would normally give advice only to the banks, but that, while it would be the policy of the banks to discourage their customers from going directly to Marine for advice, it is probable that customers would occasionally write directly to Marine for advice or consult with its staff when in New York. Such occurrences, the applicant states, would not in any way affect the financial arrangements above described.

The applicant argues that the only difference between its present and proposed activities is that, instead of giving all its advice to the banks, it would be giving them substantially all its advice. In considering this argument it must be observed that our earlier opinion specifically noted that Marine "performs services exclusively for the benefit of the 20 banks and trust companies . . . and does not render any services whatsoever, investment advisory or otherwise, to the public." While the proposed investment advisory services would still be performed wholly in the interests of the banks, we must nevertheless consider whether Marine's proposal looking toward "occasional" contacts with the public is sufficient to warrant a conclusion different from the conclusion reached in our 1940 order. 3/

Since Marine's application describes a proposed course of conduct, rather than a plan already in operation, there are no data available as to the frequency or importance of any advice rendered by Marine directly to individual customers of the banks. However, Marine's application requests

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3/ The applicant argues also that Marine, which is an "affiliate" within Section 221a (b) (2) of the Banking Act of 1933, is required to make reports to the Comptroller of the Currency under Section 161 of the Banking Act of 1933 and is subject to examination by the Board of Governors of the Federal Reserve System under Sections 61, 337, 338 and 481 of that Act, and that it therefore is subject to the same supervision as are "holding company affiliates," which are specifically excluded from Section 202 (a) (11) of the Investment Advisers Act of 1940 by clause (A) (note 1, supra). The applicant argues that consequently it should be accorded the same exemptive treatment as holding company affiliates. Without undertaking a detailed consideration of the application of the Banking Act of 1933 to the applicant, we note that the power of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System to regulate "affiliates" is substantially narrower than their jurisdiction over "holding company affiliates."

that, as an alternative to an outright order of exclusion, the Commission enter either (1) an order of exclusion for a specified period of time, not less than one year, at the end of which the applicant will be able to request extension of the order, basing its request on its experience in operating in the proposed manner, or (2) an order of exclusion not limited as to time but conditioned on the applicant's furnishing at annual or other reasonable intervals information showing the frequency with which it is consulted by investment advisory customers of the banks.

Upon considering all the factors involved, we have determined to grant the first of Marine's alternative requests and an appropriate order will issue.

By the Commission (Commissioners McConaughay, McEntire, and Hanrahan), Chairman Caffrey and Commissioner Healy being absent and not participating.

Orval L. DuBois,  
Secretary.

(SEAL)

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Philadelphia, Pa.,  
on the 4th day of September, A.D., 1946

In the Matter of :  
MARINE MIDLAND GROUP, INC. :  
File No. 802-7-1 : ORDER  
Investment Advisers Act of 1940 :  
Section 202 (a) (11) (F) :

Marine Midland Group, Inc. having filed an application pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940 for an order designating it not to be an investment adviser within Section 202 (a) (11) of the Act; a hearing having been held after appropriate notice; and the Commission being duly advised and having this day issued its findings and opinion herein;

On the basis of said findings and opinion and pursuant to Section 202 (a) (11) (F) of the Act, it is hereby

ORDERED that said application be, and it hereby is, granted for a period of one year from the date hereof, with leave to the applicant to file a new application at any time prior to the expiration of the present order.

By the Commission.

(Continued)

Orval L. DuBois,  
Secretary.

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For IMMEDIATE Release Tuesday, September 2, 1947

SECURITIES AND EXCHANGE COMMISSION  
Philadelphia

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SEP 10 1947

UNIVERSITY OF ILLINOIS

INVESTMENT ADVISERS ACT OF 1940.  
Release No. 48

UNITED STATES OF AMERICA

BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Philadelphia, Pa.,  
on the 28th day of August, A. D., 1947.

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In the Matter of	:	
	:	
MARINE MIDLAND GROUP, INC.	:	FINDINGS
	:	
File No. 802-7-1	:	AND
	:	
Investment Advisers Act of 1940 -	:	ORDER
Section 202 (a) (11) (F)	:	

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The Commission on November 1, 1940, having entered an order pursuant to Section 202 (a) (11) (F) of the Investment Advisers Act of 1940 declaring Marine Midland Group, Inc. not to be an investment adviser within the intent of Section 202 (a) (11) of the Act, with the proviso that the order would not relieve the applicant from the operation of the Act if, at any time, the facts upon which the order was based should become materially changed;

Marine Midland Group, Inc. on July 22, 1946, having filed an application reciting material changes in the facts upon which the Commission's order of November 1, 1940, was based and seeking an order similar to that of November 1, 1940, and the Commission on September 3, 1946, having entered an order granting the said application for a period of one year;

The Commission's findings and opinion accompanying the said order of September 3, 1946, having indicated that the one year limitation was predicated on the fact that the application described a proposed course of conduct with respect to the applicant's investment advisory activities, rather than a plan already in operation, with the result that there were no data available upon which the Commission could make the finding contemplated by Section 202 (a) (11) (F) that the applicant was not an investment adviser within the intent of Section 202 (a) (11) of the Act; and

Marine Midland Group, Inc. on August 1, 1947, having filed a similar application setting forth the following with respect to its investment advisory activities:

1. The applicant is a New York corporation with 19 shares of stock outstanding. These 19 shares are beneficially owned by a group of 19 banks and trust companies, which are controlled through stock ownership by Marine Midland Corporation, a holding company affiliate of the applicant within the definition of the Banking Act of 1933.

2. Except to the extent indicated in paragraph five below, the applicant furnishes its services exclusively and directly to the 19 banks and trust companies. These services to the banks and trust companies consist of

supervision and advice in connection with their banking business, including their investments as fiduciaries, and advice with respect to the accounts of their individual investment advisory customers. With respect to the latter service, the individual banks and trust companies enter into investment advisory contracts with their individual customers and receive the full fees thereunder.

3. The 19 banks and trust companies as of July 30, 1947, had a total of 34 investment advisory accounts.

4. The services are performed pursuant to contract whereby the expense of the applicant's operations is allocated ratably among the 19 stockholding banks and trust companies.

5. In the period of approximately ten months covered by the present application, officers of the applicant had on two occasions conferred directly with individual investment advisory customers of the banks and trust companies.

6. The applicant and its stockholding banks and trust companies propose in the future to continue the investment advisory service to public customers in accordance with the policies and practices followed to date.

The Commission on the basis of the facts submitted in the said application finds, pursuant to Section 202 (a) (11) (F), that Marine Midland Group, Inc. is not an investment adviser within the intent of Section 202 (a) (11) of the Act.

ACCORDINGLY IT IS ORDERED, pursuant to Section 202 (a) (11) (F), that the application of Marine Midland Group, Inc. be, and the same is, hereby granted, with the proviso that this order will not relieve the applicant from the operation of the Act if, at any time, the facts upon which the order is based should become materially changed.

By the Commission.

(SEAL)

Orval L. DuBois,  
Secretary.

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For IMMEDIATE Release Monday, September 22, 1947

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SECURITIES AND EXCHANGE COMMISSION  
Philadelphia

INVESTMENT ADVISERS ACT OF 1940  
Release No. 50

In the Matter of :  
H. EVAN TAYLOR :  
2211 St. James Place :  
Philadelphia, Pa. :  
and :  
LOUIS B. TAYLOR :  
527 Montgomery Avenue :  
Haverford, Pa. :  
(Investment Advisers Act of 1940 - :  
Section 203) :  
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Sep 24 1947  
FINDINGS AND OPINION  
OF THE COMMISSION  
UNIVERSITY OF PENNSYLVANIA

INVESTMENT ADVISERS ACT -- DENIAL OF APPLICATIONS FOR REGISTRATION

Willful Violations -- Public Interest

Where applicants for registration as investment advisers were persons formerly in control of a corporation whose registrations as an investment adviser and broker-dealer were revoked by reason of willful violations of the filing requirements of the Investment Advisers Act of 1940, and the anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, but where applicants represent that if registered as investment advisers they will refrain from engaging in any form of activity other than giving investment advice on a fee basis, held, upon consideration of all the circumstances, and subject to the imposition of conditions tending to ensure restricted activity by applicants under their registration, that the public interest does not require that the applications be denied.

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APPEARANCES:

Stradley, Ronan, Stevens and Young, of Philadelphia, Pa., by Leighton P. Stradley, Jr. and Lewis M. Stevens, for the applicants.

Edmond G. Blumner, of the New York Regional Office of the Commission, for the Trading and Exchange Division.

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These are consolidated proceedings to determine whether to permit the separate applications of H. Evan Taylor and Louis B. Taylor for registration as investment advisers under the Investment Advisers Act of 1940 to become effective.

After appropriate notice, hearings were held before a hearing officer. Proposed findings of fact and briefs in support were submitted by the applicants and by the Trading and Exchange Division to the hearing officer, who filed an advisory report recommending that the applications be denied. The applicants filed exceptions to the report and a brief in support thereof, and we heard oral argument. Our findings are based on an independent review of the record.

The Taylors were stockholders, officers and directors of Investment Registry of America, Inc. ("IRA"), formerly a registered investment adviser and broker-dealer firm whose registrations in both capacities were revoked on January 11, 1946.<sup>1/</sup> The issues here raised are whether the Taylors, personally, can be found to have violated Section 207 of the Investment Advisers Act by reason of their association with IRA, and if so whether it is in the public interest to deny their applications for registration.<sup>2/</sup>

In the IRA proceedings we found that the corporation had willfully violated Section 207 of the Investment Advisers Act by filing an application for registration and subsequent reports which falsely stated (a) that the company limited itself to a maximum fee of 5% for the recommendation of securities purchases; (b) that it did not accept funds or securities for safekeeping; and (c) that the question whether it had the power to hypothecate customers' securities was inapplicable. We also found that the falsity of the statements was closely related to the improper handling of customers' accounts and securities by IRA, as a broker-dealer, and that it had willfully violated the anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. We found that IRA took secret profits from customers in securities transactions, sent false confirmations to customers, improperly hypothecated customers' securities, made false and fictitious entries in its books of account, and sold an issue of its own preferred stock by the use of a

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1/ S.E.C. \_\_\_, Investment Advisers Act Release No. 42, Securities Exchange Act Release No. 3772.

2/ Section 203 (d) of the Act provides:

"The Commission after hearing may by order deny registration to . . . an applicant under this section, if the Commission finds that such denial . . . is in the public interest and that such investment adviser . . .

\* \* \* \* \*

"(3) has violated the provisions of section 207 of this title."

Section 207 provides:

"It shall be unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission under section 203 . . . or willfully to omit to state in any such application or report any material fact which is required to be stated therein."

false and misleading balance sheet. We further found that the Taylors, personally, benefited in these transactions and particularly from the sale of the preferred stock issue.<sup>3/</sup>

In our findings we noted the fact that the Taylors were in control of the company. H. Evan Taylor was president and Louis B. Taylor, treasurer. They held over two-thirds of the common stock of the company and had an option to purchase the remaining common. They constituted two-thirds of the board of directors.

Following our revocation orders, IRA wound up its affairs and public holders of its preferred stock appear to have received somewhat less than 50¢ on the dollar.<sup>4/</sup>

Each of the Taylors has continued to render investment advice to a small number of clients.<sup>5/</sup>

There can be no question that the Taylors, personally, violated Section 207 of the Investment Advisers Act while they were identified with IRA, even though the application and reports in which the false statements were contained were filed on behalf of the corporation. Not only were the Taylors in control of the company and its management, but the nature of the representations in the filings was such that direct knowledge of their falsity must be attributed to them. The core of IRA's business, upon which all of its relations with customers depended, was the giving of investment advice; and in this aspect customers dealt almost entirely with the Taylors. It is clear that the truth of representations concerning the company's policy of charging fees, accepting securities for safekeeping and the power to hypothecate the same, was within the peculiar knowledge of these two members of the management; and that the filing of false statements in those respects, even though on behalf of the corporation, must be considered willful violations of the Act by the Taylors, personally, within the meaning of Sections 203 (d) and 207.

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- 3/ The offering, made under Regulation A promulgated under the Securities Act of 1933, consisted of 4,500 shares at \$20 per share on behalf of the corporation and holders of existing preferred stock who desired to exchange their old stock for new stock and to sell the new stock. Included in the aggregate of about 3,000 shares which were actually sold were about 1,000 shares belonging to the Taylors, some of which they had acquired contemporaneously from other preferred stockholders at prices as low as \$5 per share.
- 4/ After the IRA proceedings had been begun, restitution was made by the corporation in the aggregate sum of about \$7,000 to customers from whom secret profits had been exacted in securities transactions other than the IRA preferred stock issue.
- 5/ Under Section 203 (b) (3) of the Act registration is not required of investment advisers who do not hold themselves out generally to the public as investment advisers and who have fewer than 15 clients.

The only remaining question is whether it is in the public interest to deny these applications. The statute does not contemplate that a willful violation once established must thereafter necessarily result in a permanent disability. Under the Act we are required to weigh all the circumstances bearing on the public interest, and such consideration must not only include the protection of public investors but must also give weight to the hardship inherent in the permanent denial to individuals of the opportunity to engage in chosen forms of activity, including the securities business. While Congress, in the exercise of its power to regulate interstate commerce, may in the interest of public protection limit or destroy the freedom of an individual to engage in the securities business where such individual has willfully violated the law, it has nevertheless delegated to this Commission the duty to weigh all the facts in any given case and, on the basis of such facts, to determine whether it is in the public interest to permit registration notwithstanding a previous willful violation of the law. In general, some of the pertinent considerations are the effect of a previous revocation order, the length of time the applicant has been out of business, the method of operation which the applicant proposes, including particularly the question whether there is a likelihood that the previous infractions will or will not be repeated under such method of operation, evidence of applicant's recent activities, and opinions and testimonials as to his general character and reputation.

The record here indicates that H. Evan Taylor is about 68 years of age, and his brother, Louis B. Taylor, is about 58. They have been engaged in various capacities in the investment adviser and securities business in Philadelphia since 1906. Their experience in the investment field is undoubtedly great, and that business has constituted their exclusive source of livelihood, even at the present time. Notwithstanding the IRA revocation proceedings, many former customers have attested to their faith in the Taylors' ability as investment advisers and indicated their willingness to employ them. If we permit these applications to become effective, each of the Taylors plans to service about 20 accounts. In this connection it is represented that the Taylors will not handle customers' funds or securities, will not handle discretionary accounts, will operate separately, will not execute orders for the purchase or sale of securities unless requested to do so, and will not be connected with any broker or dealer firm directly or indirectly. In short, the Taylors represent that they have no desire to engage in any form of broker or dealer activity, but intend to confine themselves to rendering investment advice on a fee basis.

We have considered all these circumstances, including particularly the fact that applicants' proposed method of operation and undertakings not to handle customers' securities or funds will greatly lessen the likelihood of repetition of the previous infractions on which the IRA order was based; and, subject to the conditions which we will impose, we have concluded that the public interest does not require that the applications be denied.

Our order will contain conditions, imposed in the public interest, to ensure that the Taylors will confine their respective activities as registered investment advisers solely to the giving of investment advice on a fee basis; that they will not handle customers' funds or securities in any manner; that they will not recommend the purchase or sale of securities in which they have a direct or indirect personal interest; that they will not accept or exercise discretionary authority; that they will not execute orders for the purchase

or sale of securities directly or indirectly; and that they will not accept any fees, commissions or other remuneration from any broker, dealer or other person for the execution or consummation of any securities transaction for or with any investment advisory client. Our action herein is without prejudice to the institution of revocation proceedings with respect to these registrations if at any time it appears that these conditions have not been fully complied with or that such action would be otherwise in the public interest.6/

By the Commission (Commissioners McConaughay, McEntire, Hanrahan, and McDonald), Chairman Caffrey being absent and not participating.

Orval L. DuBois,  
Secretary.

(SEAL)

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6/ Cf. Lawrence R. Leeby & Co., \_\_\_ S.E.C. \_\_\_ (1946), Securities Exchange Act Release No. 3863.

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION  
At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Philadelphia, Pa.,  
on the 19th day of September, A. D., 1947.

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In the Matter of	:	
H. EVAN TAYLOR	:	
2211 St. James Place	:	
Philadelphia, Pa.	:	ORDER PERMITTING
and	:	REGISTRATIONS TO
LOUIS B. TAYLOR	:	BECOME EFFECTIVE
527 Montgomery Avenue	:	
Haverford, Pa.	:	
(Investment Advisers Act of 1940 -	:	
Section 203)	:	

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Consolidated proceedings having been instituted to determine whether it is in the public interest to deny the applications of H. Evan Taylor and Louis B. Taylor for registration under the Investment Advisers Act of 1940;

A hearing having been held after appropriate notice, the Commission being duly advised and having this day issued its findings and opinion herein;

On the basis of said findings and opinion, it is

ORDERED that the said applications will be permitted to become effective forthwith subject to the condition that each such applicant will confine his activities as a registered investment adviser solely to the giving of investment advice on a fee basis; that he will not handle customers' funds or securities in any manner; that he will not recommend the purchase or sale of securities in which he has a direct or indirect personal interest; that he will not accept or exercise discretionary authority; that he will not execute orders for the purchase or sale of securities directly or indirectly; that he will not accept any fees, commissions or other remuneration from any broker, dealer or other person for the execution of any securities transaction for or with any investment advisory client;

FURTHER ORDERED that the entry of this order shall not constitute a finding or determination by the Commission that it is in the public interest to permit the said applications for registration to become effective except subject to the conditions herein set forth, and that the entry of this order is without prejudice to the institution of revocation proceedings with respect to such registrations if at any time it appears that these conditions have not been fully complied with or that such action would be otherwise in the public interest.

By the Commission.

(SEAL)

Orval L. DuBois,  
Secretary.

2. 605  
IN  
For IMMEDIATE Release Monday, March 7, 1949

SECURITIES AND EXCHANGE COMMISSION  
U. S. CAPITAL, WASHINGTON, D. C.

INVESTMENT ADVISERS ACT  
Release No. 52

MAR 1 1949

UNITED STATES OF AMERICA . . . UNIVERSITY OF HAWAII  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 2nd day of March, A. D., 1949.

In the Matter of

THE PITCAIRN COMPANY

MEMORANDUM

File No. 802-8

OPINION AND  
ORDER

(Investment Advisers Act of 1940 -

Section 202 (a) (11) (F))

The Pitcairn Company has filed an application under Section 202 (a) (11) (F) of the Investment Advisers Act of 1940 for an order declaring it not to be an "investment adviser" within the intent of Section 202 (a) (11) of the Act. <sup>1/</sup> The application sets forth the following with respect to the business and investment advisory activities of Pitcairn:

1. Pitcairn was incorporated under the laws of Delaware on July 2, 1923. Its business consists of the holding, investing, and reinvesting of its funds, the management of such investments, and the manufacture and sale of valves and fittings. Pitcairn has outstanding three classes of securities (other than short term paper). These consist of a 5% first preferred, a 5½% second preferred, and a common stock. The common is the only class with voting rights. All of the

<sup>1/</sup> Section 202 (a) (11) reads:

"'Investment adviser' means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities; but does not include (A) a bank, or any holding company affiliate, as defined in the Banking Act of 1933, which is not an investment company; (B) any lawyer, accountant, engineer, or teacher whose performance of such services is solely incidental to the practice of his profession; (C) any broker or dealer whose performance of such services is solely incidental to the conduct of his business as a broker or dealer and who receives no special compensation therefor; (D) the publisher of any bona fide newspaper, news magazine or business or financial publication of general and regular circulation; (E) any person whose advice, analyses, or reports relate to no securities other than securities which are direct obligations of or obligations guaranteed as to principal or interest

(Continued)

outstanding stock is beneficially owned by not more than 100 persons. 2/ The company is not making and does not presently propose to make a public offering of its securities. Raymond, Theodore and Harold F. Pitcairn, the principal stockholders of the company, own beneficially and of record an aggregate of 19,094 of 32,317 shares of its common stock outstanding. All of the stockholders (except for four churches holding a total of 947 shares of common stock), all of the living beneficiaries of trusts holding any class of Pitcairn's stock, and all of the trustees thereof (except for three individuals, of whom two are officers of Pitcairn and the third of counsel for the company), are spouses, descendants, or spouses of descendants of Raymond, Theodore or Harold F. Pitcairn.

2. As an incident to the management of its own investments and the preparation of its own records and tax returns the company renders certain services to most of its stockholders. These services include the safekeeping and physical handling of securities; the collection of income from such securities, the keeping of books of account and records, the preparation and filing of income and gift tax returns, the payment in some cases of certain family, household, and personal expenses, and the rendering of investment advice. In this connection, three individuals in the employ of the firm devote a substantial portion of their time to investment advisory services. These various services are performed substantially at cost. From 1942 to 1947 inclusive the yearly cost to the company of rendering these services to its stockholders ranged from approximately \$46,000 to \$96,000, with the total charges to stockholders each year being approximately within 5% of the yearly cost to the company. The total amount charged is computed annually by calculating the amount of payroll and overhead expense of the company attributable to the work done for its stockholders during the previous year and the total charge is then apportioned according to formulas that result in total payments by the stockholders approximating the cost of the services.

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1 Cont'd /

by the United States, or securities issued or guaranteed by corporations in which the United States has a direct or indirect interest which shall have been designated by the Secretary of the Treasury, pursuant to section 3 (a) (12) of the Securities Exchange Act of 1934, as exempted securities for the purposes of that Act; or (F) such other persons not within the intent of this paragraph, as the Commission may designate by rules and regulations or order."

2/ Pitcairn is not registered under the Investment Company Act of 1940, presumably in reliance on Section 3 (c) (1) of that Act, which excludes from the definition of investment company any issuer whose outstanding securities (other than short-term paper) are beneficially owned by not more than 100 persons and which is not making and does not presently propose to make a public offering of its securities.

3. Of the company's gross income (apart from the payments for services to stockholders) for the year ending December 31, 1947, 96.23% was derived from interest and dividends on its investments, 3.72% from the manufacture and sale of valves and fittings, and .05% from miscellaneous sources. If sums received from stockholders for services had been considered part of gross income for 1947 they would have amounted to less than 2% thereof, and the portion attributable to investment advisory services would have amounted to 1/2 of 1% of gross income. Of the total payroll of the company in 1947, the portion attributable to investment advisory services was approximately 1.5%.

4. The company never has solicited and has no intention of soliciting anyone to use its investment advisory service, nor would it render any such service for a fee to anyone other than an officer or stockholder of the company nor has it ever done so. The company has no present intention of enlarging the group to which it gives investment advice.

The Commission on the basis of the facts stated in this application finds that The Pitcairn Company is not an investment adviser within the intent of Section 202 (a) (11) of the Act.

Accordingly, IT IS ORDERED that the application of The Pitcairn Company under Section 202 (a) (11) (F) of the Investment Advisers Act of 1940 for an order declaring it to be a person not within the intent of Section 202 (a) (11) of the Act be and it hereby is granted; provided that this order will not relieve the applicant from the operation of the Act if at any time the facts upon which this order is based should become materially changed.

By the Commission (Chairman Hanrahan and Commissioners McConaughay, McEntire, McDonald, and Rowen).

Orval L. DuBois,  
Secretary.

(SEAL)

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For IMMEDIATE Release Tuesday, June 7, 1949

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C.

THE LIBRARY OF THE  
INVESTMENT ADVISERS ACT  
Release No. 53

17 1949

UNITED STATES OF AMERICA

BEFORE THE SECURITIES AND EXCHANGE COMMISSION  
At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 6th day of June, A. D., 1949.

In the Matter of :

Frederick N. Goldsmith, dba	: ORDER FOR PROCEEDINGS AND
F. N. Goldsmith Financial Service	: NOTICE OF HEARING PURSUANT
24 Stone Street	: TO SECTION 203 (d) OF THE
New York 4, New York	: INVESTMENT ADVISERS ACT OF
	: 1940.

I

The Commission's public official files disclose that Frederick N. Goldsmith, doing business as F. N. Goldsmith Financial Service, a sole proprietorship, hereinafter referred to as registrant, is registered as an investment adviser pursuant to Section 203 (c) of the Investment Advisers Act of 1940.

II

Members of the staff have reported to the Commission that registrant is permanently enjoined by a decree of the Supreme Court of the State of New York, New York County, entered on or about December 23, 1948, from acting as an investment adviser, broker or dealer.

III

The Commission, having considered such information, deems it necessary and appropriate in the public interest and for the protection of investors that proceedings be instituted to determine:

- (a) Whether registrant is enjoined as set forth in paragraph II hereof.
- (b) Whether pursuant to Section 203 (d) of the Investment Advisers Act of 1940 it is in the public interest to suspend the registration of registrant; and
- (c) Whether pursuant to Section 203 (d) of the Investment Advisers Act of 1940 it is in the public interest to revoke the registration of registrant.

IV

IT IS HEREBY ORDERED that a hearing for the purpose of taking evidence on the questions set forth in paragraph III hereof be held at 10:00 A. M. on July 7, 1949 at the New York Office of the Securities and Exchange Commission,

located in Room 2006, Equitable Building, 120 Broadway, New York 5, New York, before James G. Ewell, Hearing Examiner. Upon the completion of the taking of evidence in this matter the Hearing Examiner shall prepare a recommended decision pursuant to Rule IX (b) of the Rules of Practice unless such decision is waived.

This order and notice shall be served on registrant personally or by registered mail forthwith.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision upon this matter except as witnesses or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 4 (c) of the Administrative Procedure Act, it is not deemed to be subject to the provisions of that Section delaying the effective date of any final Commission action.

By the Commission.

(SEAL)

Orval L. DuBois,  
Secretary.

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For IMMEDIATE Release Friday, September 2, 1949

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. *RE 11821* *ATT THE*

INVESTMENT ADVISERS ACT OF 1940  
Release No. 54

OCT 13 1949

UNITED STATES OF AMERICA *UNIVERSITY OF ILL.*

BEFORE THE SECURITIES AND EXCHANGE COMMISSION

At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D.C.,  
on the 31st day of August, A.D., 1949.

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In the Matter of :  
ROOSEVELT & SON :  
File No. 802-9 :  
(Investment Advisers Act of 1940 :  
Section 202 (a) (11) (F)) :

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MEMORANDUM  
OPINION AND  
ORDER

Roosevelt & Son has filed an application under Section 202 (a)(11)(F) of the Investment Advisers Act of 1940 for an order declaring it not to be an "investment adviser" within the intent of Section 202 (a)(11) of the Act.<sup>1/</sup> From the application and the annexed exhibits the following appears with respect to the business and investment advisory activities of Roosevelt & Son.

1. Roosevelt & Son is a general partnership formed in New York City by George E. Roosevelt and John K. Roosevelt, brothers, by an agreement dated December 21, 1945. The partnership is successor to a business which has been carried on under the name of Roosevelt & Son since the year 1792. The principal purposes for which the applicant firm was organized are stated in the partnership agreement to be "to manage and supervise investments in real and personal property for the account of the firm and others" and "to render advice and information with respect to investments in real and personal property." The firm presently carries between 90 and 100 accounts. Of these over two-thirds are with the Roosevelt brothers in their capacity as executors and testamentary trustees of estates and trusts in which, for the most part, various members of the Roosevelt family have an interest or are beneficiaries. The remaining accounts are custodian or "non-family" accounts which for the

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<sup>1/</sup> Section 202 (a)(11) reads:

"'Investment adviser' means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities; but does not include (A) a bank, or any holding company affiliate, as defined in the Banking Act of 1933, which is not an investment company; (B) any lawyer, accountant, engineer, or teacher whose performance of such services is solely incidental to the practice of his profession; (C) any broker or dealer whose performance of such services is solely incidental to the conduct of his business as a broker or dealer and who receives no special compensation therefor; (D) the publisher of

(continued)

most part have been with the firm for a great many years, and were originally accepted for such reasons as friendship with the Roosevelt family or former partnership or employment in Roosevelt & Son. The few more recent "non-family" accounts have had essentially the same origin. In addition to the accounts mentioned the firm has a few which are not securities accounts, such as a payroll account for a brokerage firm and a non-securities account carried for a real estate corporation, the Broadway Improvement Corporation, all of the stock of which is owned by members of the Roosevelt family. The applicant does not solicit new accounts and the number of non-family accounts has been steadily declining in recent years.

2. The applicant is in process of converting all of its non-trust accounts containing securities to a trust basis with one or both of the partners of the firm as trustees or co-trustees. It is anticipated also that in some of these trust accounts the donor or some member of his or her family will act as a co-trustee, particularly where such person is presently acting with Messrs. Roosevelt in the management of the property that will be subject to the trust. A copy of the trust agreement is annexed to the application. It will, according to an accompanying opinion of counsel, create a valid trust relation under the laws of the State of New York as to the property covered by the agreement. It does not appear to contain any provisions that would relieve the trustees of liability for misfeasance, bad faith, negligence, or disregard of the duties and obligations involved in the conduct of the trusts.

3. The applicant estimates that about 80% of the time of the firm, which has nine employees, is devoted to the preparation of tax returns and bookkeeping operations relating to the investments in its accounts. The remaining 20% is devoted largely to the management of the real and personal property owned or held by the partners or clients. The firm handles the collection of rents, dividends, mortgage interest and other income and arranges for the safekeeping of securities. No market analysts, statisticians, or market experts are on the payroll. The Roosevelt brothers as individuals do most of the work involved in reviewing the securities portfolios of the various accounts. In effect, the applicant states, the firm simply provides the machinery by which the brothers attend to the bookkeeping and safekeeping operations that are and will be part of their duties as trustees or executors.

4. During recent years the firm has handled a total of between 400 and 500 security transactions per year for its accounts. All securities in the accounts both family and non-family have been carried for convenience in the

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1 Cont'd./ any bona fide newspaper, news magazine or business or financial publication of general and regular circulation; (E) any person whose advice, analyses, or reports relate to no securities other than securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States, or securities issued or guaranteed by corporations in which the United States has a direct or indirect interest which shall have been designated by the Secretary of the Treasury, pursuant to section 3 (a)(12) of the Securities Exchange Act of 1934, as exempted securities for the purposes of that Act; or (F) such other persons not within the intent of this paragraph, as the Commission may designate by rules and regulations or order."

name of Roosevelt & Son. All securities transactions are executed in the firm's name only and the executing brokers confirm directly to Roosevelt & Son, supplying one extra copy of the confirmation to which the firm adds the customer's name. Between transactions the securities are held for safekeeping by the Central Hanover Bank. Commissions charged by the brokerage houses effecting transactions are passed on to the accounts by the firm. The firm does not buy or sell securities for its own account. Substantial credit balances are sometimes carried in accounts but no credit is extended to customers in connection with the purchase or holding of securities by them in their accounts with the firm nor does the firm hypothecate securities. There has been no formal contribution of capital to the firm.

5. George E. Roosevelt and John K. Roosevelt as executors or trustees have had the usual discretionary powers with respect to securities transactions in the trust and estate accounts. The brothers have in the past given advice with respect to securities transactions for the "non-family" accounts, but neither the firm nor the brothers individually have had discretionary powers with respect to such accounts. Under the trust agreements in process of execution for the non-family accounts the trustees will have discretionary authority with respect to securities transactions. The firm will render the same services to the partners in their individual capacities as trustees under the new trusts as it renders in connection with the trusts already existing and will receive the same rate of compensation for such services.

6. The firm is compensated for all its services by a 3 percent charge on collections of income from securities or other property. In addition the partners individually receive their fiduciary commissions on the testamentary trusts and estates. Collections which represent a return of capital are not subject to the 3 percent charge but there is a minimum charge for each account of \$25 per year. The partners will not be entitled to any commission or other compensation in their capacity as trustees of the trusts being created for the non-family accounts but they will with respect to such trusts be authorized to retain any pay the compensation of such accountants, custodians, legal counsel and other agents as they shall deem advisable and to retain the partnership of Roosevelt & Son as custodians and agents notwithstanding the fact that George E. and John K. Roosevelt are the only partners of that firm.

The Commission on the basis of the facts stated in this application finds that Roosevelt & Son is not an investment adviser within the intent of Section 202 (a)(11) of the Act.

Accordingly IT IS ORDERED that the application of Roosevelt & Son under Section 202 (a)(11)(F) of the Investment Advisers Act of 1940 for an order declaring it to be a person not within the intent of Section 202 (a)(11) of the Act be and it hereby is granted; provided that this order will not relieve the applicant from the operation of the Act if at any time the facts upon which this order is based should become materially changed.

By the Commission (Commissioners McEntire, McDonald, and Rowen), Chairman Hanrahan being absent and not participating.

(SEAL)

Orval L. DuBois,  
Secretary.



2.605  
IN

For IMMEDIATE Release Thursday, September 22, 1949

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C.

SECURITIES EXCHANGE ACT OF 1934

Release No. 4312

INVESTMENT ADVISERS ACT OF 1940

Release No. 55

THE LIBRARY OF THE

JUL 2 1952

UNIVERSITY OF ILLINOIS

In the Matter of :  
WENDELL MARO WESTON :  
doing business as :  
WESTON AND COMPANY :  
141 Milk Street :  
Boston 9, Massachusetts :  
(Securities Exchange Act of 1934 - :  
Section 15 (b)) :  
In the Matter of :  
ASSURED WARRANTY CORPORATION :  
8 Oliver Street :  
Boston, Massachusetts :  
(Investment Advisers Act of 1940 - :  
Section 203 (d)) :  
BROKER-DEALER REGISTRATION

FINDINGS AND OPINION  
OF THE COMMISSION

Grounds for Revocation

Fraudulent Securities Transactions

Where broker-dealer, by use of the mails and facilities of national securities exchanges, abused confidential relation with customer by repeatedly using her funds to purchase stock of unsuccessful promotional enterprise controlled by him without adequate disclosure of the nature of the company or of losses which had been suffered by it, held, he willfully violated Section 17 (a) of the Securities Act of 1933, Sections 10 (b) and 15 (c) (1) of the Securities Exchange Act of 1934, and Rules X-10B-5 and X-15C1-2 thereunder, and it is in the public interest to revoke his registration pursuant to Section 15 (b) of the Securities Exchange Act.

False Financial Reports

Where registrant filed annual financial reports failing to state substantial claim by defrauded customer for return of her funds and liability on promissory note issued in settlement of such claim, held, he willfully violated Section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 thereunder.

INVESTMENT ADVISORY REGISTRATION

Grounds for Revocation

False Statements in Registration Application

Where investment advisory corporation made false and misleading statements and omissions in its application for registration and supplemental reports respecting the ownership of its stock and the nature of its activities, held, that it willfully violated Section 207 of the Investment Advisers Act of 1940 and that it is in the public interest to revoke its registration pursuant to Section 203 (d) of the Act.

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APPEARANCES:

Colman Silbert, of the Boston Regional Office, for the Division of Trading and Exchanges.

J. C. Johnston, of Boston, for respondents.

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These are consolidated proceedings to determine whether to revoke the registration as a broker and dealer of Wendell Maro Weston, doing business as Weston and Company, pursuant to Section 15 (b) of the Securities Exchange Act of 1934, 1/ and whether to revoke the registration as an investment adviser of Assured Warranty Corporation, a Massachusetts corporation controlled

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1/ Section 15 (b) of the Exchange Act provides in part:

"The Commission shall, after appropriate notice and opportunity for hearing, by order . . . revoke the registration of any broker or dealer if it finds that such . . . revocation is in the public interest and that (1) such broker or dealer . . . (B) has been convicted within ten years preceding the filing of any such application or at any time thereafter of any felony or misdemeanor involving the purchase or sale of any security or arising out of the conduct of the business of a broker or dealer; . . . (D) has willfully violated any provision of the Securities Act of 1933, as amended, or of this title, or of any rule or regulation thereunder. . . ."

by Weston, pursuant to Section 203 (d) of the Investment Advisers Act of 1940. 2/

The broker-dealer revocation proceeding is based on alleged fraudulent practices by Weston over a five-year period with respect to securities transactions in the account of a customer, Miss H; his failure to note liabilities resulting from those transactions in his financial statements filed with the Commission; and his conviction of crimes involving importation of securities which had been seized by an enemy government in a conquered country.

The investment adviser revocation proceeding is based on Assured Warranty Corporation's alleged misstatements and omissions in its registration application and supplemental reports arising from practices respecting the Miss H account, and also on the above described criminal conviction of Weston.

After appropriate notice a hearing was held before a hearing examiner. Following the filing of requested findings, the hearing examiner filed a recommended decision in which he concluded that Weston had willfully violated certain of the provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, and that Assured Warranty Corporation had willfully violated the Investment Advisers Act of 1940. He recommended that the registration of Assured Warranty Corporation be revoked, but did not recommend that Weston's registration as a broker and dealer be revoked. Instead, he recommended that, if Weston should ask permission to withdraw his broker-dealer registration, the public interest would be served if the Commission approved such withdrawal upon the condition that he complete restitution to Miss H. Weston has not requested that he be permitted to withdraw; he has filed exceptions to the findings of the hearing examiner with respect to the broker-dealer phase of the recommended decision and a supporting brief. The Division of Trading and Exchanges excepted to the hearing examiner's conclusions with respect to the broker-dealer registration.

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2/ Section 203 (d) of the Investment Advisers Act provides in part:

"The Commission after hearing may by order . . . revoke or suspend the registration of an applicant under this section, if the Commission finds that such . . . revocation, or suspension is in the public interest and that such investment adviser or any . . . officer, director . . . or controlling person thereof--

"(1) within ten years of the issuance of such order, has been convicted of any felony or misdemeanor involving the purchase or sale of any security or arising out of any conduct or practice of such investment adviser or affiliated person as an investment adviser . . . broker, or dealer . . .

\* \* \* \* \*

" (3) has violated the provisions of section 207 of this title."

The hearing examiner did not make any findings respecting Weston's conviction of crime, which occurred after he had filed his recommended decision and we had heard oral argument on the exceptions filed. The issues relating to the conviction were raised by an amendment to the order for proceedings and the filing of a stipulation which set forth the record of the conviction and waived further hearing and the filing of a further recommended decision by the hearing examiner.

Our findings are based upon an independent review of the record.

### Fraudulent Securities Practices

Weston has been engaged in the securities business in Boston since 1925. In 1932 he began doing business as Weston & Company, a sole proprietorship, and in 1936 he secured registration with this Commission as an over-the-counter broker and dealer pursuant to Section 15 of the Securities Exchange Act of 1934. 3/

In February 1940, at the suggestion of a mutual friend, Miss H turned over to Weston, whom she had met in 1935 but with whom she had no previous business transactions, about \$97,000 in cash for safekeeping. She had obtained these funds from her brother, a promoter of a large enterprise which in 1940 became the subject of bankruptcy proceedings, and had held them in various savings banks under her own name. It appears that Miss H's purpose in entrusting the funds to Weston was to prevent their seizure in legal proceedings by the Collector of Internal Revenue or by the trustees in the bankruptcy proceedings. 4/ Miss H would not accept a receipt for the money or assume any control of the safe-deposit box in which Weston placed the money, and even asked Weston not to communicate with her by mail or telephone. Her sole object at the time seems to have been to relieve herself of possession of the money, and that was evidently understood by Weston.

Shortly thereafter Weston suggested that the idle funds be invested. Early in March 1940, Weston prepared a brochure which he presented to Miss H. It contained a schedule of interest rates paid by various Boston savings banks, an analysis showing that certain fire and casualty insurance company stocks constituted relatively attractive investments, and a proposed portfolio of securities showing their proposed cost to her on a unit and aggregate basis and their yields which, on the basis of 1939 dividends, averaged 4.23%. She

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3/ From December 8, 1937, until April 1, 1942, Weston & Company was a registered partnership consisting of Weston and Alexander Edward Ullmann, a limited partner. It does not appear from the record that Ullmann was active in the business or had any part in the firm's dealings with customers. After Ullmann's withdrawal, Weston again registered as a sole proprietor trading under the firm name.

4/ The record does not clearly indicate the exact nature of the claims asserted by the trustees or when they were first asserted. Miss H was a party respondent to an equity action which apparently was instituted by the bankruptcy trustees at about the time she entrusted her money to Weston. The Collector of Internal Revenue did not take formal action until March 1941, when he filed a lien against her assets.

agreed to the acquisition of the securities at a cost to her of \$84,631. Weston thereupon purchased the securities in the open market in March and April 1940, reimbursed himself by taking from the safe-deposit box \$84,631 of her money, of which \$3,563, or 4.4% of his cost, represented his profit, and placed the securities in the box. 5/

After further conversations with Miss H in June 1940, the exact nature of which is in dispute, Weston obtained permission to use her funds to finance the organization of Assured Warranty Corporation. 6/ According to Miss H, Weston explained only that "it would be a good idea for him to handle my investments under a certain name and he would call it . . . Assured Warranty Corporation. . . . He said that was the name under which he would handle my account, my business, my investments." She denied that he told her that "anybody else's investments were to be handled under that name." On the other hand, Weston testified that he explained in detail that the company would operate as an investment adviser on behalf of public customers, and that it was Miss H who suggested that she acquire a proprietary interest in the company. On July 30, 1940, he procured her signature to two letters. One stated:

"It is my desire that you organize and incorporate the Assured Warranty Corporation for the purpose of managing investment accounts, and I hereby authorize and instruct you to do this at your earliest convenience."

The other stated:

"In accordance with our understanding regarding the Assured Warranty Corporation, I am holding \$20,000 subject to your call and disposal to be used in the organization and operation of the company."

In August 1940, Weston organized Assured Warranty Corporation under the laws of Massachusetts, taking a controlling interest of 1,000 shares of common stock for himself, purportedly in consideration of "organization expense," and becoming a director and the president of the company. In October 1940, he caused to be issued 200 shares of preferred stock in his own name which he held for Miss H, and for which he paid into the corporation \$20,000 of her money. 7/ At the same time, Miss H signed an agreement for investment advisory services to be

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5/ Miss H signed letters prepared by Weston which purportedly authorized him to act as a principal in the sale to her, and Weston testified that he told her his profits would not exceed 5%. While Miss H did not specifically contradict that evidence, she testified generally that she did not know the difference between principal and agency transactions and that she relied on Weston to act for her in her investment matters.

6/ Some time prior to the first transactions with Miss H, Weston had conceived the idea of organizing a company that would render investment advice according to certain "actuarial" studies of market-price movements and "expectancy tables."

7/ Weston had sold some of Miss H's securities in September and October 1940 in order to raise the required \$20,000. On October 9, 1940, Miss H acknowledged the sale to her of the 200 shares of preferred stock by signing the following letter addressed to her by Weston:

(continued)

rendered on a fee basis by Assured Warranty Corporation. The agreement provided that the corporation might give orders for the purchase and sale of specified securities on behalf of Miss H, Weston & Company acting as "broker." The securities named were listed on the New York and Boston stock exchanges.

Assured Warranty Corporation filed an application with this Commission for registration under the Investment Advisers Act of 1940 on November 20, 1940. Registration became effective December 20, 1940.

Following the execution of the advisory agreement with Miss H, Weston sold all of the remaining securities previously purchased for her (see note 7, p. 5) and, utilizing the services of five exchange-member firms, bought and sold securities for her account in his own name until May 1942, when a single account in her name was opened with Townsend, Dabney & Tyson, members of the New York and Boston stock exchanges. 8/ In the latter account, Weston and/or Assured Warranty gave the orders for purchase and sale, both Assured Warranty and Miss H receiving statements of account and confirmations.

From time to time during the course of these transactions with the various brokers, Weston obtained \$50,000 additional from Miss H's account which he used for the purchase of more preferred stock in Assured Warranty Corporation. Thus, on or about February 28, 1942, Weston took \$10,000 from Miss H's account to buy 100 shares of Assured Warranty preferred stock; 2/ and on nine subsequent occasions between February 18, 1943, and March 9, 1945, he obtained an aggregate of \$40,000 from her account for the purchase of 400

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7 cont'd/

"Pursuant to our understanding, as confirmed by letter on July 30, 1940, Weston & Company is now holding for your account 200 shares of Assured Warranty Corporation preferred stock."

In September 1941, Miss H signed a financial statement in connection with a pending settlement of the claim of the Collector of Internal Revenue described earlier herein, and which showed her ownership of the 200 shares; and, in February 1942, she signed a statement of account made up by Weston which showed that he then held 300 shares for her. (See infra.)

8/ The change was effected after a conference with representatives of this Commission when it was found that Weston had been recording Miss H's transactions on his books in special accounts labelled only by symbols.

2/ There was no written authorization or ratification of this transaction other than the statement of account which Miss H signed on February 28, 1942 (see note 7, p. 5,), showing that Weston then held 300 shares of Assured Warranty Corporation preferred stock for her. The additional 100 shares included in the account were not actually issued until March 12, 1942.

more shares of such stock. 10/ In connection with each of the nine latter purchases Weston procured from Miss H writings which recited that he was to employ the money in accordance with the terms of the "letter" or "letters" of July 30, 1940. 11/

Only two other persons contributed capital to Assured Warranty Corporation and their contribution, represented by preferred stock, totalled only \$6,000. Miss H was the corporation's principal client, it had few other clients, and during the first two years of its existence it had only one client other than Miss H. It lost money from operations continuously. Its aggregate gross income for the five-year period following its organization was \$7,074, of which \$2,575 represented fees charged Miss H, and \$2,161 represented "interest earned" on loans made to Weston & Company and to Assured Warranty Associates, Inc., an affiliated organization of Assured Warranty Corporation purportedly engaged in soliciting investment advisory contracts from the public. 12/ Its total recorded expenses during the same period amounted to \$68,090, of which over \$27,000 was paid to Weston as salary and advances. 13/ Assured Warranty's total recorded net loss from operations during the five-year period was over \$61,000, over 90% of which was, in effect, borne by Miss H. 14/ During the first year the loss exceeded \$10,000, and by June 30, 1942, it amounted to over \$26,000.

Weston claims that Miss H not only understood the risks involved in the original purchase of preferred stock for \$20,000, but that she made the further investments in the corporation's preferred stock in the 1942-1945 period notwithstanding her knowledge of the operating losses that had already

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- 10/ Although by January 1942 the claims of the Collector of Internal Revenue and the bankruptcy trustees had been settled, Weston continued to execute all of Miss H's transactions in his own name and to carry her account by symbols until May 1942. While he thereafter did not execute other securities transactions on her behalf in his own name, he at all times issued to himself the Assured Warranty preferred stock purchased with Miss H's money.
- 11/ The first of these writings, dated February 18, 1943, contained authority to invest "amounts not exceeding dividends and realized profits which have accrued, or do in future accrue, to my account with Townsend, Dabney and Tyson . . . in accord with my letter of July 30, 1940." Two subsequent letters authorized the investment of profits and dividends "in accord with my letters of July 30, 1940 and February 18, 1943." Later letters authorized the "elimination" of portfolio securities and the investment "in accord with my letter of July 30, 1940" of the amounts formerly allotted to those securities under Assured Warranty's investment formulae.
- 12/ As of June 30, 1945, Weston & Company owed Assured Warranty Corporation a balance of \$4,639, and Assured Warranty Associates, Inc., owed a balance of \$33,903.
- 13/ While the \$33,903 owed by Assured Warranty Associates was carried on the books of Assured Warranty Corporation as an asset, it was apparently considered uncollectible since a reserve to offset it had been set up through periodic charges to "provision for bad debts," an expense account, which were entered as the money was advanced to Assured Warranty Associates, Inc.
- 14/ Weston's bookkeeper testified that, including a write-off of certain bad debts in 1945, Assured Warranty Corporation's cumulative deficit was over \$73,000.

been suffered. He claims that he kept her fully informed of the progress of the company and gave her regular financial statements. Miss H testified that she was never informed that the company was losing money, and that she was under the impression that her funds were being used by Assured Warranty Corporation to purchase specified portfolio securities for her account in accordance with the investment advisory contract.

We cannot accept Weston's version that Miss H authorized the purchase of preferred stock in Assured Warranty Corporation with full knowledge of the actual use which he intended to make and did make of her funds. Not only was the proposed use of the first \$20,000 not properly explained to her, but the next purchase of preferred stock, in the amount of \$10,000, was not effected until February 28, 1942, over 1-1/2 years later, when most of her original investment had already been lost. As we have noted, the only evidence of authority for or ratification of the latter purchase is contained in the statement of her account dated the same day, which she signed and which merely indicated that Weston then held 300 shares of the preferred stock for her rather than 200 shares originally bought. Purported authorizations for the subsequent transactions were covered by writings which simply referred back to the ambiguous letters of July 30, 1940. The letters of July 30, 1940, referred to proposed activity by the corporation in "managing investment accounts," and could easily be interpreted by Miss H at least to include securities transactions on her behalf. While they also included the statement that \$20,000 was to be used in the "organization and operation" of the company, that statement was not specifically referred to subsequently nor was there any purported enlargement of its terms. In light of the lapse of time, and the existence of the investment advisory contract under which there was active trading for her account in investment securities, an explicit statement to the effect that all of her advances to Assured Warranty Corporation were being used for operational expenses and advances to an affiliate would seem to have been necessary to apprise her that her funds were not being used in furtherance of her general investment program. In any event we find no basis for believing that she knew the extent to which her funds were being used for the activities of Assured Warranty Corporation not directly related to her investments, that she knew of the company's progressive decline, its mounting deficits, or the extent of Weston's personal withdrawals of cash from its treasury.

In November 1945, Miss H made a demand for an accounting. 15/ She then discovered what had happened to her funds and employed counsel to recover them. An agreement of settlement was entered into with Weston whereby he gave Miss H a note for \$30,000. 16/ Weston has since made certain payments on account and, at the close of this record, the balance due on the note was about \$14,000.

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15/ In response to the demand Miss H received letters both from Assured Warranty Corporation and Townsend, Dabney & Tyson showing that the latter firm held securities in her account valued at about \$12,500 plus a cash credit balance of \$10,605. The securities listed did not of course include Assured Warranty stock. At about the same time, Weston furnished a letter stating that Miss H was the "beneficial owner" of 700 shares of Assured Warranty preferred, 700 shares of its common, and 700 shares of Assured Warranty Associates, Inc., stock.

16/ Miss H's stock holdings in Assured Warranty were sold at auction for \$5.00.

The Division contends that there was a relationship of trust and confidence between Weston and Miss H, and that he abused that relationship and defrauded her of her money. Miss H testified that she was unfamiliar with stocks, and that she had complete trust and confidence in Weston and relied upon him for advice. Weston, while conceding that Miss H had confidence in him, contends that he made full disclosure to her and that, especially in view of the fact that she is a woman of more than average general education and experience, he did nothing which could have misled her.

We think it clear from the record that a relationship of trust and confidence existed between Weston and Miss H, though her complete reliance upon him for investment advice appears to have developed when he interested her in the Assured Warranty plan of investment. In the beginning, Miss H's trust was limited to a belief that Weston would hold her cash safely for her, and the investment of her funds was not then contemplated. However, it is clear that, at least by the time he sold Miss H the first block of Assured Warranty preferred stock, he was in a general fiduciary position respecting the investment of her funds. He had not only in fact obtained her complete confidence and reliance, and thus impliedly assumed the duties of a fiduciary, but the execution of the investment advisory contract imposed such duties upon him in a formal manner. He was therefore under a duty to serve her interests and to subordinate his own. He was obliged to act in the utmost good faith in every phase of their relations, to invest her funds carefully, and to exercise any special authority granted to him in connection with an unusual venture only when accompanied by full disclosure of the exact nature of the proposition and the risks undertaken. Clearly, he could not put her money to a speculative use by which he would benefit personally without the most meticulous disclosures and without making certain that she fully understood his representations and actual plans. This, Weston did not do. Instead, he attempted to cover his improper practices by obtaining her signature to cryptic letters which purportedly supplied authority, and which she in fact did not understand. 17/

We find from the evidence that Miss H was not told at any time, nor did she fully understand, the real nature of her investments in Assured Warranty Corporation; that she was not told, nor did she know, that her funds were being dissipated in promotional expenses and personal advances to Weston; and that Weston was aware of here misapprehensions in these respects. Accordingly, we find that Weston pursued a course of conduct which operated as a fraud on Miss H within the scope of Rules X-10B-5 and X-15C1-2 promulgated under Sections 10 (b) and 15 (c) (1) of the Securities Exchange Act of 1934, respectively, and Section 17 (a) of the Securities Act of 1933. The remaining question is whether Weston directly or indirectly used the mails, the

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17/ It should be noted that the letters of July 30, 1940, did not purport to grant Weston carte blanche for the use of Miss H's funds. At the least they created a relationship of joint venturers in the organization and operation of the corporate enterprise, which carried with it the duty of full disclosure.

instrumentalities of interstate commerce, or the facilities of national securities exchanges in executing the fraud, thus violating those provisions. 18/

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18/ Section 17 (a) of the Securities Act provides:

"It shall be unlawful for any person in the sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly --

"(1) to employ any device, scheme, or artifice to defraud, or

"(2) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or

"(3) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser."

Section 10 (b) of the Securities Exchange Act provides:

"It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange --

\* \* \* \* \*

"(b) To use or employ, in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered, any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors."

Rule X-10B-5 provides:

"It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange --

"(1) to employ any device, scheme, or artifice to defraud,

"(2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or

"(3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security."

(continued)

There is no evidence that Weston himself directly communicated with Miss H by mail or made use of the instrumentalities of interstate commerce or the facilities of national securities exchanges in effecting any of the transactions for her. However, the record shows that the cash which Weston used for the purchase of Assured Warranty preferred stock was derived from the trading effected by him through other brokers and dealers for the account of Miss H; and that in many of the latter transactions the mails and the facilities of national securities exchanges were employed. The Division contends, in substance, that all transactions effected with or for Miss H by Weston were part of a general scheme to defraud her, and that the use of the jurisdictional means by the other brokers and dealers in executing transactions in investment securities constituted an indirect use by Weston in effecting the fraudulent transactions in Assured Warranty preferred. Weston contends that the Assured Warranty preferred transactions were separate and independent from the other transactions in her account, and that there was no connection between the two classes of transactions. 19/

As noted above, Weston originally obtained about \$97,000 in cash from Miss H, and about \$84,000 thereof was converted into securities in March and April of 1940. It has been stipulated that Weston received confirmations by  
18 cont'd.

Section 15 (c) (1) of the Securities Exchange Act provides:

"No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of, any security (other than commercial paper, bankers' acceptances, or commercial bills) otherwise than on a national securities exchange, by means of any manipulative, deceptive, or other fraudulent device or contrivance. The Commission shall, for the purposes of this subsection, by rules and regulations define such devices or contrivances as are manipulative, deceptive, or otherwise fraudulent."

Rule X-15C1-2 provides in part as follows:

"(a) The term 'manipulative, deceptive, or other fraudulent device or contrivance,' as used in section 15 (c) (1) of the Act, is hereby defined to include any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

"(b) The term 'manipulative, deceptive, or other fraudulent device or contrivance,' as used in section 15 (c) (1) of the Act, is hereby defined to include any untrue statement of a material fact and any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, which statement or omission is made with knowledge or reasonable grounds to believe that it is untrue or misleading."

19/ The provisions of the Acts and Rules under discussion of course contemplate indirect use of the jurisdictional means as well as any direct use. Weston apparently does not dispute that principle but rests on the premise that his acts did not constitute indirect use.

mail from the dealers who sold the securities to him. The sale of those securities produced the fund from which the first 200 shares of Assured Warranty preferred were purchased. The acquisition of the original portfolio had two significant effects on the future dealings between Weston and Miss H: first, it served to condition Miss H to the practice of keeping her funds invested in some form of securities rather than leaving them idle in the safe-deposit box; second, it served to establish her confidence in Weston as a dealer, and to pave the way for his acting as her agent and investment adviser enjoying her complete reliance. His rather quick decision to liquidate that portfolio and place a substantial part of the proceeds into the Assured Warranty venture, without a full and frank disclosure of his actual plans for the use of that money, justifies the inference that his scheme to defraud her originated with the acquisition of that portfolio. However, even if it be assumed that the scheme arose after the acquisition of the original portfolio and that the use of the mails in its purchase was therefore unrelated to the sale to Miss H of the first 200 shares of Assured Warranty preferred, there is ample evidence of use of the mails and facilities of national securities exchanges in connection with the later sales of Assured Warranty preferred.

On November 6, 1940, Weston, using a balance of \$62,000 remaining from the sale of her original portfolio and purportedly following the formulae required by the Assured Warranty plan of investment, proceeded to make purchases and sales for Miss H in his own name through five brokerage houses. The evidence is clear that in those transactions Weston was treated by the brokers as the owner of the accounts and received confirmations of the purchases and sales by mail. On his books he recorded the transactions in one account which he labelled "L-1 Special." The second transaction in Assured Warranty preferred, consisting of the sale to Miss H of 100 shares for \$10,000, was effected on or about February 28, 1942, by a withdrawal of \$10,000 from the L-1 Special account which then contained cash in part generated by sales of securities effected through the various brokers between January 13 and February 27, 1942.

When the single account in Miss H's name was opened with Townsend, Dabney & Tyson, Weston delivered to that firm \$15,964 in cash and a portfolio of ten blocks of securities remaining from the L-1 Special account. Thenceforward, Townsend, Dabney & Tyson effected many transactions of purchase and sale for her account, all of which were executed on the Boston and New York stock exchanges, national securities exchanges, and confirmed by mail to Assured Warranty Corporation, Miss H receiving duplicates by mail. During the life of this account, Weston sold Miss H 400 shares of Assured Warranty preferred stock for \$40,000 in nine installments, of which the last eight sales, totalling 350 shares for \$35,000 were effected with funds withdrawn from the account between May 17, 1943 and March 9, 1945. 20/ As in the case of

20/ One sale of 50 shares had taken place February 18, 1943, but the money did not come from the Townsend, Dabney & Tyson account. Miss H sold some securities which she had in her own possession and turned the proceeds over to Weston. Weston used \$5,000 for the purchase of 50 shares of Assured Warranty preferred stock and delivered the balance of \$2,491 to Townsend, Dabney & Tyson to be added to Miss H's credit balance with that firm.

her by mail, Weston sent other papers to her by messenger and was in frequent touch with her personally, and there was no justification for failing to deliver her confirmations by hand. Accordingly, we find that, in failing to deliver confirmations of transactions effected for her account in his own name during the period from approximately September 1940 to May 1942, Weston willfully violated Section 15 (c) (1) of the Securities Exchange Act and Rule X-15C1-4 thereunder.

#### False Financial Statements

The order for proceedings also alleges that the financial statements filed by Weston & Company with the Commission during the years 1945 and 1946, pursuant to Section 17 (a) of the Securities Exchange Act and Rule X-17A-5, were false and misleading. 23/ The evidence and arguments on this point are centered on the failure to record any liability for return of Miss H's funds.

As we have stated, Miss H's lawyer made claim against Weston in November 1945. On December 13, 1945, Weston filed his 1945 statement purportedly reflecting his financial condition as of October 31, 1945. This statement was prepared after Miss H's lawyer had asserted her claim. One firm of accountants, when informed of the claim, refused to accede to Weston's request that the claim be ignored and therefore would not certify the statement. Weston thereafter consulted another accountant to whom he did not disclose the claim. That accountant signed a representation that he had "verified" Weston's statement by examining Weston's bank statements and securities then on hand. 24/ Weston then filed the statement with the accountant's "verification" attached, and an affidavit swearing to the correctness of the statement. After this statement was filed Weston learned that representatives of this Commission had been informed of his failure to utilize the report prepared by the first firm of accountants. He then, in January 1946, made an amendatory filing with us which included that report duly certified. The balance sheet attached to the report contained a footnote which set forth the existence of "a disputed claim" of undetermined amount which in the opinion of counsel was of doubtful validity.

Weston contends that he was not obliged to disclose Miss H's claim in his original filing, since it had not been asserted on October 31, 1945, the date as of which his report spoke, and that in any event his lawyer advised him that he was not liable thereon.

As to the time element, the Rule does permit a report to reflect the financial condition of the registrant as of a date as early as 45 days prior to its actual filing. However, this provision was intended as a grace period to allow for the time required to close books and prepare the necessary papers;

23/ Section 17 (a) of the Securities Exchange Act and Rule X-17A-5 require that, during each calendar year, registered brokers and dealers file a financial statement in the manner prescribed by the Commission. Among other things, certification by public accountants is required in cases where money or securities are customarily owed to, or held for, customers.

24/ The accountant testified that he did not examine Weston's books.

it was not intended to afford a registrant a deliberate choice of dates in order to conceal a material change which, to the knowledge of the registrant, has taken place between the date of the statement and its filing. 25/

As to the alleged non-liability on the claim of Miss H, Weston's argument ignores the fact that this Commission has required that threatened litigation of a material nature must be disclosed. Thus, Question 14 of Form X-17A-5, expressly requires a separate schedule containing --

"A description of any contingent assets, liabilities and accountabilities of the respondent which are not included in a ledger account, the realization of which would affect net worth. Items of this nature may include lawsuits pending against the respondent, accommodation endorsements, rediscounted notes, guarantees of accounts of others."

On March 16, 1946, Weston settled Miss H's claim by giving her a note under seal for \$30,000. Thereafter, he reduced the liability by making payments of \$2,500 on April 10, 1946, and \$13,450 on July 15, 1946. On December 18, 1946, he filed another financial statement pursuant to the Rule, which purportedly reflected his condition as of November 30, 1946. Although he then owed Miss H a balance of about \$14,000 on the note, he made no reference to that liability. In preparing the latter statement he utilized a third firm of accountants to whom he represented that his books recorded all of his liabilities. In fact, the liability to Miss H was not recorded on his books. Sometime later, that accounting firm nevertheless requested a letter stating that all assets and liabilities had been disclosed; and, in January 1947, Weston delivered a letter to the accountants in which he stated that he had additional cash assets amounting to \$13,369, and an additional liability which he described as: "Personal indebtedness - balance due on note - \$13,959.43." The accountants in turn forwarded the letter to us with the request that it be filed as an amendment to the 1946 statement.

Weston first argues that the filing of the 1946 statement in its original form did not constitute a willful violation of the requirements of Rule X-17A-5 since he believed that this Commission already knew of the liability to Miss H on the note. Assuming that his belief as to our knowledge of the claim was correct, to accept this argument would require us to disregard the express requirement of the Rule that all of the necessary representations be committed to writing by the registrant so that the report as filed will constitute a complete and accurate public document not only in the interests of administrative regulation but for the protection of persons dealing with the registrant.

25/ The 1945 statement recited a net worth of only \$8,299, and the claim asserted by Miss H related to the investment of \$70,000 of her funds in Assured Warranty Corporation preferred stock.

For similar reasons, Weston's next argument--that he had additional unreported assets which approximately balanced the liability to Miss H -- does not meet the issue. Customers and creditors are entitled to a full picture of a registrant's financial condition, and the extent to which their claims may be impaired by the enforcement of other claims. 26/ Moreover, if Weston possessed the additional assets when the original 1946 statement was filed, his failure to record those assets was in itself a violation of the Rule.

We find, as did the hearing examiner, that Weston violated Section 17 (a) of the Securities Exchange Act and Rule X-17A-5. But we do not agree with the examiner that such violations were not willful. In view of all the circumstances described, we find that they were. 27/

#### Conviction of Crimes Involving Securities

In 1946 Weston undertook to act for certain persons in the sale of securities acquired by them in France. The securities were negotiable bonds of American corporations which had been seized from Dutch nationals by the Nazi military governor, subsequently transported by the Nazis to France, and there sold to individuals. Weston's clients acquired them in Paris after the Allied invasion. Although existing United States regulations under the Trading With The Enemy Act made unlawful the importation and holding of such securities without reporting them or forwarding them to the Federal Reserve Bank, the securities in question were not so reported or forwarded by Weston or his clients.

On September 10, 1948, Weston and his clients were indicted in the District Court of the United States for the District of Massachusetts for alleged willful violations of the Trading With The Enemy Act and for conspiracy to violate that Act. At first they pleaded guilty, but when they appeared for sentence they requested permission to withdraw their pleas and to enter pleas of nolo contendere. The Court accepted the pleas of nolo contendere, remarking that the violations were largely technical since some of the applicable regulations had been subsequently rescinded. The Court adjudged Weston "guilty as charged and convicted" and placed him upon probation for a period of two years.

Weston's conviction constitutes a statutory ground for revoking his registration as a broker and dealer as well as the registration of Assured Warranty Corporation as an investment adviser, if we find it in the public interest to take such action. 28/

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26/ Total liabilities (exclusive of the balance due on Miss H's note) as shown by the statement of November 30, 1946, amounted to \$24,667; total assets (exclusive of the additional cash) amounted to \$33,293.

27/ The hearing examiner noted the circumstances surrounding the preparation and filing of the reports, including the fact that Weston was attempting to conceal the nature of his dealings with Miss H. However, it appears that he did not distinguish the question whether the violations were willful from the question of public interest in taking disciplinary action on the basis of such violations.

28/ See Leo G. Siesfeld, 11 S.E.C. 746 (1942); Alexander Smith, \_\_\_ S.E.C. \_\_\_ (1946), Securities Exchange Act Release No. 3785; Jesse S. Lockaby, \_\_\_ S.E.C. \_\_\_ (1949), Securities Exchange Act Release No. 4237.

### Violations of Investment Advisers Act

In the proceedings for revocation of registration of Assured Warranty Corporation as an investment adviser it is alleged that the registrant violated Section 207 of the Investment Advisers Act of 1940 in that it willfully made untrue statements and misleading omissions in its registration application and supplemental reports required to be filed under Sections 203 and 204. <sup>29/</sup> Specifically, it is alleged, and the evidence shows, that, in response to required items of information, the filings falsely stated that Weston was the beneficial owner of preferred stock in the corporation; that neither the corporation nor its officers accepted discretionary accounts or held funds or securities of clients; and that the corporation transmitted confirmations of transactions to its clients. The hearing examiner found that the Act was willfully violated in these respects, and no exceptions were taken to his findings.

After review of the record, we adopt the finding of the hearing examiner that Assured Warranty Corporation, through Weston, willfully violated Section 207 of the Investment Advisers Act.

### Public Interest

In our opinion the willful violations of the anti-fraud provisions of the Securities Act and Securities Exchange Act, and the willful violations of the filing requirements of the Securities Exchange Act and the Investment Advisers Act, require disciplinary action. As our findings have indicated, all of the violations were directly or indirectly connected with a long course of conduct, whereby Weston systematically defrauded a client who reposed great trust and confidence in him, and with his efforts to conceal his improper acts. Furthermore, Weston has been convicted of crimes involving other securities transactions; and in this connection we must note that the District Court which placed him on probation did not have before it the facts revealed by this record respecting Miss H. Under all the circumstances we have concluded that it is necessary and appropriate in the public interest to revoke the registration of Weston as a broker and dealer and to revoke the registration of Assured Warranty Corporation as an investment adviser.

To the extent consistent with this opinion, the exceptions to the hearing examiner's recommended decision filed by the parties are sustained; to the extent that they are inconsistent, they are dismissed. An appropriate order will issue.

By the Commission (Chairman Hanrahan and Commissioners McEntire and McDonald), Commissioner Rowen not participating.

(SEAL)

Orval L. DuBois,  
Secretary.

<sup>29/</sup> Weston signed the application and all supplemental reports as president of the registrant.

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION  
At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 22nd day of September, A. D. 1949.

In the Matter of

WENDELL MARO WESTON

doing business as

WESTON AND COMPANY  
141 Milk Street  
Boston 9, Massachusetts

(Securities Exchange Act of 1934 -  
Section 15 (b))

ORDER REVOKING  
REGISTRATIONS AS  
BROKER-DEALER  
AND INVESTMENT  
ADVISER

In the Matter of

ASSURED WARRANTY CORPORATION  
8 Oliver Street  
Boston, Massachusetts

(Investment Advisers Act of 1940 -  
Section 203 (d))

A proceeding having been instituted pursuant to Section 15 (b) of the Securities Exchange Act of 1934 to determine whether the registration as a broker and dealer of Wendell Maro Weston, doing business as Weston and Company, should be revoked;

A proceeding having been instituted pursuant to Section 203 (d) of the Investment Advisers Act of 1940 to determine whether the registration as an investment adviser of Assured Warranty Corporation should be revoked;

The proceedings having been consolidated, a hearing having been held after appropriate notice, and the Commission having this day issued its Findings and Opinion; on the basis of said Findings and Opinion

IT IS ORDERED that the registration as a broker and dealer of Wendell Maro Weston, doing business as Weston and Company, and the registration as an investment adviser of Assured Warranty Corporation be, and they hereby are, revoked.

By the Commission.

(SEAL)

Orval L. DuBois,  
Secretary.



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For IMMEDIATE Release Friday, December 2, 1949

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Washington, D. C.

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UNIVERSITY OF ILLINOIS

INVESTMENT ADVISERS ACT OF 1940  
Release No. 56

In the Matter of	:	
FREDERICK N. GOLDSMITH	:	
doing business as	:	
F. N. GOLDSMITH FINANCIAL SERVICE	:	
24 Stone Street	:	
New York 4, New York	:	
(Investment Advisers Act of 1940 -	:	
Section 203 (d))	:	

FINDINGS AND OPINION  
OF THE COMMISSION

#### INVESTMENT ADVISER REGISTRATION

Revocation Proceedings; Notice of Withdrawal; Public Interest

#### Injunction against Acting as Investment Adviser

Where registered investment adviser is permanently enjoined by a state court from acting as such because of failure to disclose that his market advice was in part based on the comic strips, but the record showed that registrant, 84 years of age, had published market advice for some 46 years without previous complaint, held, revocation need not be ordered, and permission to withdraw registration is consistent with the public interest and the protection of investors.

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#### APPEARANCES:

Phillip Wagner, for the Division of Trading and Exchanges of the Commission.

Charles L. Raskin, of Krisel, Lessall and Dowling, for Frederick N. Goldsmith.

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This is a proceeding pursuant to Section 203 (d) of the Investment Advisers Act of 1940 to determine whether it is in the public interest to revoke or suspend the registration as an investment adviser of Frederick N. Goldsmith, doing business as F. N. Goldsmith Financial Service, on the ground that he is permanently enjoined by a decree of the Supreme Court of the State of New York from acting as an investment adviser, broker or dealer in that state. 1/

1/ Section 203 (d) of the Act provides in part:

"The Commission after hearing may by order deny registration to or revoke or suspend the registration of . . . an investment adviser if the Commission finds that such denial, revocation, or suspension is in the public interest and that such investment adviser. . . .

\* \* \* \* \*

(Continued)

After appropriate notice a hearing was held before a hearing officer. The facts were stipulated; Goldsmith submitted a written notice of withdrawal of his registration; 2/ proposed findings and oral argument were waived; and the hearing officer submitted a recommended decision in which he suggested that the public interest would be served if we were to permit Goldsmith to withdraw. No exceptions to the recommended decision have been filed. On the basis of the record we make the following findings.

Goldsmith is eighty-four years of age. From 1916 until 1948 he wrote, published and sold through the mails, a market letter under the name of F. N. Goldsmith Financial Service. Since 1940 he has been registered with this Commission as an investment adviser. In soliciting subscriptions to his service, and in his reports to subscribers, Goldsmith represented that his prognostications and recommendations were based upon statistics, financial reports and charts, and other generally accepted sources of statistical information, and that he had sources of special and secret information concerning stock movements. His recommendations were also based on the daily comic strips, in which he believed there existed a code which, when interpreted by him, would reflect future movements of certain securities on the stock exchanges.

On December 16, 1948, the Supreme Court of the State of New York permanently enjoined Goldsmith from acting as an investment adviser, broker, or dealer in securities and/or commodities within or from the State of New York, on the ground that to a large extent his sources of information (i.e., the comic strips) were worthless, and that the dissemination of his market letter without disclosure of that material fact constituted a fraud on the public in violation of the Martin Law.

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1 Cont'd/

"(2) at the time of the issuance of such order, is permanently or temporarily enjoined by . . . decree of any court of competent jurisdiction from acting as an investment adviser . . . broker, or dealer . . ."

2/ Section 203 (g) of the Act provides in part:

"Any person registered under this section may, upon such terms and conditions as the Commission finds necessary in the public interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission . . ."

Rule R-203-3 provides in part:

"if a notice to withdraw from registration is filed with the Commission at any time subsequent to the date of the issuance of a Commission order instituting proceedings pursuant to Sections 203 (d) . . . with respect to an investment adviser filing such notice . . . the notice to withdraw shall not become effective except at such time and upon such terms and conditions as the Commission finds necessary in the public interest or for the protection of investors."

Counsel for Goldsmith moved to dismiss the instant proceeding on the ground that there is no "prima facie case showing justification for the prosecution of any proceeding for the revocation of this registrant's registration . . ." We fail to see any merit in this contention and the motion is therefore denied. The remaining question is whether it is in the public interest to revoke Goldsmith's registration, or to permit his withdrawal notice to become effective.

Goldsmith's subscribers were led to believe that he was a skilled investment adviser applying his judgment to generally accepted objective data. His reference to special and secret information did not tend to indicate otherwise; it signified that he was in a position to obtain additional or advance information, e.g., by his close contact with particular issuers and large holders of securities. In the face of these representations, it is clear that his dissemination of advice, admittedly based in part on the comic strips, was, in the words of the New York Court, ". . . fraudulent, reckless and without concern for the public welfare."

We think it is obvious that the public interest requires that Goldsmith should not further use the mails and instrumentalities of interstate commerce in the conduct of his business.

However, under all these circumstances, including the age of the registrant and the fact that there have been no previous complaints about the conduct of his business, we believe that permitting him to withdraw is consistent with the public interest. The existence of the New York injunction would of course supply a statutory basis for reviewing the public interest if he should seek to re-register at some future time. In such case we could then determine whether he is willing and able to conduct his profession in a proper manner.

An appropriate order will issue.

By the Commission (Chairman McDonald and Commissioners McEntire, Rowen, Cook, and McCormick).

(SEAL)

Orval L. DuBois,  
Secretary.

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION  
At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 30th day of November, A. D. 1949.

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In the Matter of	:
FREDERICK N. GOLDSMITH	:
doing business as	:
F. N. GOLDSMITH FINANCIAL SERVICE	ORDER PERMITTING WITHDRAWAL
24 Stone Street	OF REGISTRATION
New York 4, New York	:
(Investment Advisers Act of 1940 -	:
<u>Section 203 (d)</u>	:

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Proceedings having been instituted to determine whether the registration as an investment adviser of Frederick N. Goldsmith, doing business as F. N. Goldsmith Financial Service ("registrant"), should be revoked or suspended pursuant to Section 203 (d) of the Investment Advisers Act of 1940;

A hearing having been held after appropriate notice, the registrant having filed a notice of withdrawal, the hearing officer having filed a recommended decision, and the Commission having this day issued its Findings and Opinion; on the basis of said Findings and Opinion

IT IS ORDERED that the notice of withdrawal be, and ~~it~~ hereby is, permitted to become effective.

By the Commission.

Orval L. DuBois,  
Secretary.

(SEAL)

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For IMMEDIATE Release Tuesday, April 10, 1951

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C.

THE LIBRARY OF THE

SECURITIES ACT OF 1933

Release No. 3411

SECURITIES EXCHANGE ACT OF 1934

Release No. 4593

INVESTMENT ADVISERS ACT OF 1940

Release No. 58

JUL 2 1952

UNIVERSITY OF ILLINOIS

The Securities and Exchange Commission released today the following opinion of its General Counsel, Roger S. Foster, relating to the use of "hedge clauses" by brokers, dealers, investment advisers, and others.

"My opinion has been requested concerning the legality of various types of 'hedge clauses' which are used in the literature of brokers, dealers, investment advisers and others. While the language of these hedge clauses varies considerably, in substance they state generally that the information furnished is obtained from sources believed to be reliable but that no assurance can be given as to its accuracy. Occasionally language is added to the effect that no liability is assumed with respect to such information.

"All the statutes administered by the Commission provide that any condition, stipulation or provision which binds any person to waive compliance with their requirements shall be void. Apart from these provisions, moreover, the courts have repeatedly held that a hedge clause or legend disclaiming liability has little, if any, legal effect as protection against civil liability where a person makes a representation which he knows, or in the exercise of reasonable care could have discovered, is false or misleading. See Equitable Life Insurance Co. of Iowa v. Halsey, Stuart & Co., 312 U. S. 410 (1941); People v. Federated Radio Corporation, 244 N. Y. 33, 154 N. E. 655 (1926); Tone v. Halsey, Stuart & Co., 286 Ill. App. 169, 3 N. E. 2d 142 (1936); Continental Insurance Co. v. Equitable Trust Co., 127 Misc. 45, 215 N.Y.S. 281 (1926); Wolfe v. A. E. Kusterer & Co., 269 Mich. 424, 257 N. W. 729. The question arises, therefore, whether the result, if not the purpose, of such a legend is to create in the mind of the investor a belief that he has given up legal rights and is foreclosed from a remedy which he might otherwise have either at common law or under the SEC statutes.

"In my opinion, the anti-fraud provisions of the SEC statutes are violated by the employment of any legend, hedge clause or other provision which is likely to lead an investor to believe that he has in any way waived any right of action he may have, assuming, or

course, that the mails or other jurisdictional elements are involved. I refer to Section 17 (a) of the Securities Act of 1933, Section 10 (b) of the Securities Exchange Act of 1934 and Rule X-10B-5 thereunder, Section 15 (c) (1) of that Act and Rule X-15C1-2 thereunder in the case of a broker or dealer effecting a transaction over the counter, and Section 206 of the Investment Advisers Act of 1940 in the case of a registered investment adviser.

"A legend in common use states in effect that the information is obtained from specified sources and is believed to be reliable but that its accuracy is not guaranteed. Assuming the truth of the representations as to the source of the information and the belief that it is reliable, it is my opinion that the mere use of this legend in connection with a communication supplying information is not objectionable. This does not mean, of course, that there would be any justification for representing to the investor, either when the information is supplied or thereafter, that the effect of the legend is to relieve the person using it from a liability under the above-mentioned statutory provisions and rules."

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JUL 2 1952

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C.

UNIVERSITY OF ILLINOIS

SECURITIES EXCHANGE ACT OF 1934  
Release No. 4617INVESTMENT ADVISERS ACT OF 1940  
Release No. 59

UNITED STATES OF AMERICA  
BEFORE THE SECURITIES AND EXCHANGE COMMISSION  
At a regular session of the Securities and Exchange Commission,  
held at its office in the City of Washington, D. C.,  
on the 15th day of June, A. D., 1951

In the Matter of	:
EDWIIN HAWLEY,	:
EDWIN RILEY HAWLEY, or	:
E. R. HAWLEY	:
doing business as	:
EDWIIN HAWLEY CO.	:
Hotel Adams	:
Central Avenue and Adams Street	:
Phoenix, Arizona	:
(Securities Exchange Act of 1934 -	:
Section 15 (b);	:
Investment Advisers Act of 1940 -	:
Section 203 (d))	:

MEMORANDUM OPINION  
AND ORDER REVOKING  
REGISTRATIONS

These proceedings were instituted pursuant to Section 15 (b) of the Securities Exchange Act of 1934 ("Exchange Act") and Section 203 (d) of the Investment Advisers Act of 1940 ("Advisers Act") to determine whether the registration as a broker and dealer of Edwiin Hawley (also known as Edwin Riley Hawley and E. R. Hawley), doing business as Edwiin Hawley Co., a sole proprietorship, should be revoked, and whether his registration as an investment adviser should be revoked or suspended.<sup>1/</sup> The

<sup>1/</sup> Section 15 (b) of the Exchange Act provides in part:

"The Commission shall, after appropriate notice and opportunity for hearing, by order . . . revoke the registration of any broker or dealer if it finds that such . . . revocation is in the public interest and that (1) such broker or dealer . . . (D) has willfully violated any provision . . . of this title, or of any rule or regulation thereunder."

(continued)

order for proceedings alleges that the registrant willfully violated Sections 15 (b) and 17 (a) of the Exchange Act and Rules X-15B-2 and X-17A-5 thereunder and that he violated Section 207 of the Advisers Act.

The proceedings were instituted on April 5, 1951, by notice and order for hearing, copies of which were sent by registered mail to the business and residence addresses last furnished us by the registrant and to a previous business address. These registered notices were returned to us by the Post Office Department with notations indicating that the registrant could not be found at any of those addresses. 2/

Registrant's registration as a broker and dealer became effective on October 12, 1945, and his registration as investment adviser became effective on April 26, 1946. Neither registration has been withdrawn, cancelled, suspended or revoked.

Rule X-15B-2, promulgated under Section 15 (b) of the Exchange Act, provides that registered brokers and dealers must file with us supplemental statements to their applications for registration to report changes, not previously reported, which render no longer accurate any information previously submitted in such applications. Section 207 of the Advisers Act makes it unlawful willfully to misstate or omit to state material facts in any registration application or report filed with the Commission under Section 203 or 204.

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1 cont'd/

Section 203 (d) of the Advisers Act provides in part:

"The Commission after hearing may by order . . . revoke or suspend the registration of an applicant under this section, if the Commission finds that such . . . revocation, or suspension is in the public interest and that such investment adviser. . . .

\* \* \* \* \*

"(3) has violated the provisions of section 207 of this title."

2/ Our order and notice instituting these proceedings provided that the same be published in the Federal Register not later than 15 days prior to May 14, 1951. Pursuant to this provision the order and notice was published in the Federal Register of April 11, 1951. 16 Fed. Reg. No. 70, pp. 3203-4.

Pursuant to Rule X-15B-2, and to Rule R-204-1 under Section 204 of the Advisers Act,<sup>3/</sup> the registrant filed with us, until January 1949, supplemental statements and reports reporting his current business and residence addresses in Phoenix, Arizona. The order for proceedings does not allege that these reports misstated this information as of the times of filing. However, the record shows that since the end of January 1949 the registrant has not maintained any office or residence at the last designated addresses or at any address in that city and has not notified us of his current addresses.

Upon review of the record in these proceedings, we have concluded that the registrant violated Section 15 (b) of the Act and Rule X-15B-2 thereunder by failing to report to us his current business and residence addresses, and that such violation was willful. We have also concluded that he violated Section 207 of the Advisers Act in that the last addresses stated in his registration application as amended are now false, and that, in view of his failure to continue the filing of reports to keep that information current, such misstatement is willful within the meaning of that section.

Section 17 (a) of the Exchange Act and Rule X-17A-5 thereunder provide, among other things, that every registered broker or dealer must file with us a report of financial condition during each calendar year. We specifically referred the registrant to the requirements of this rule in a letter dated October 12, 1945, and thereafter he filed financial reports for a few years. However, he did not file the required report for the calendar year 1950. Upon review of the record in these proceedings we have concluded that the registrant violated Section 17 (a) of the Exchange Act and Rule X-17A-5 thereunder as a result of his failure to file such report. We conclude also that such violation was willful within the meaning of Section 15 (b).

We conclude, on the basis of the foregoing, that it is necessary in the public interest to revoke registrant's registrations as a broker and dealer and as an investment adviser. However, in view of the fact that our records do not show whether he actually received personal notice of the scheduled hearing, and to avoid any possible prejudice to him, our order will provide that the revocation of registrations be without prejudice to a motion by the registrant to reopen the proceedings and to seek, upon a proper showing, to set aside the order of revocation.

Accordingly IT IS ORDERED that the registrations as a broker and dealer and as an investment adviser of Edwiin Hawley, Edwin Riley Hawley, or E. R. Hawley, doing business as Edwiin Hawley Co. be, and they hereby

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<sup>3/</sup> Rule R-204-1 requires registered investment advisers to file semi-annual reports keeping current the information contained in registration applications.

are, revoked without prejudice to a motion by him to reopen the record in the proceedings and, upon a proper showing, to set aside this order.

By the Commission (Chairman McDonald, Vice Chairman Cook, and Commissioners McEntire and Rowen).

(SEAL)

Orval L. DuBois,  
Secretary.

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